

## France Is Reported to Send 500-Man Contingent to Chad

By Paul Lewis  
New York Times Service  
PARIS — France will send about 500 well-armed paratroops into Chad to train the forces of President Hissene Habré for their fight against Libyan-backed rebels, more than twice the number first announced, Defense Ministry sources revealed Wednesday.

## Chad Garrison, Rebels Battle for Town in North

By Alan Cowell  
New York Times Service  
NDJAMENA, Chad — French paratroops, some in military transports and some traveling by raft across the rain-swollen Chad River, began arriving here Wednesday amid conflicting claims on whether the Chadian government or the Libyan-backed rebels held Faya-Largeau.

[Faya-Largeau appeared on the verge of falling to the rebels Wednesday night, Reuters quoted Western military sources as saying in Ndjamena. Radio contact with the besieged pro-government forces had been lost since midday, the military sources said.]

Chad's information minister, Soumaila Mahamat, disputed rebel radio claims that Faya-Largeau had fallen. He admitted, however, that 5,000 Libyans and rebel troops were massed outside the northern town of 10,000.

Mr. Soumaila also said that the government was no longer able to resupply the strategic oasis by air.

The government garrison in Faya-Largeau has been holding out for more than a week under constant air strikes by the Libyans. The 1,500 pro-government troops in the town are viewed as Chad's most effective fighting force.

Columns of anti-government Chadians and Libyan troops, supported from the air, attacked the

men given Tuesday referred only to the initial contingent, drawn from the 8th French Marine Paratroop Regiment based in the Central African Republic. These troops began to move into the Chadian capital of Ndjamena early Wednesday.

The force was to be increased to about 310 men within 24 hours, officials said, with the addition of a unit drawn mainly from the First French Marine Paratroop Regiment in Bayonne, in southwestern France. But they said it would also include members of a special electronic warfare regiment, who would be in charge of communications during the French training operation, code-named "Manta."

A further contingent of about 180 paratroops drawn from the 3d French Marine Paratroop Regiment, also based in the Central African Republic, will shortly be added to the force at Ndjamena, they said, bringing the total French military presence there to about 500 men. This last group will be replaced by fresh troops from France.

Although the French government says the troops being sent to train President Habré's forces are forbidden to fight, the Defense Ministry said they would take their usual arms for self-protection.

These include Milan anti-tank missiles, 89mm rocket launchers and 120mm mortars, as well as assault rifles and machine guns. The French paratroops will also bring portable radar units capable of tracking enemy force movements as well as a variety of military vehicles.

The beleaguered government of Mr. Habré has been pressing France to send troops and aircraft, as well as military equipment, to help it repulse rebel forces who are loyal to former President Goukoni Oueddi and who are aided by Libyan tanks and planes. The two sides were engaged Wednesday in a battle for the strategically important Faya-Largeau oasis in northern Chad.

But until Tuesday, France's Socialist government had refused to send any French troops, saying it wanted to minimize outside involvement in the conflict and claiming its 1976 defense agreement with Chad obliged it only to provide equipment.

The decision to send a military training mission was thus difficult and embarrassing for the Socialists, who announced it late Tuesday night after the main evening television news was over and when many French newspapers had already gone to print.

With the dispatch of a French training mission to Chad, diplomats and analysts point out, President François Mitterrand finds himself in the same position as many previous governments. These governments maintained an almost continuous military presence in Chad between 1968 and 1980, supporting pro-Western presidents against rebellious northern tribes backed by Libya and other states.

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Rebels captured at Faya-Largeau, shown in a prison camp near Ndjamena, the Chad capital.

## Army Chief Says Global Commitments Are Stretching American Forces Thin

By Richard Halloran  
New York Times Service  
WASHINGTON — General John A. Wickham Jr., the U.S. Army chief of staff, says that worldwide American military commitments, including new commitments in Central America, Chad and the Gulf, threaten to stretch the armed forces thin.

"Traditionally," he told reporters Monday, "we've had a range of contingency needs that probably exceed the force capabilities that we've been able to generate. That probably applies now."

As General Wickham spoke, 43 percent of the army was deployed abroad, from West Germany to South Korea, with detachments in Honduras, Egypt and the Sinai peninsula. From the Air Force, 14 of a fleet of 30 AWACS electronic surveillance planes were overseas.

At sea, five of the navy's 12 aircraft carriers were in foreign waters; while U.S. Marines patrolled the streets of Beirut.

Other senior officers have been less cautious than General Wickham in expressing their concerns. The retired chairman of the Joint Chiefs of Staff, General David C. Jones, said recently that there is a mismatch between U.S. military forces and strategy that "is greater now than it was before because we are trying to do everything."

Similarly, Senator Sam Nunn, Democrat of Georgia, a member of the Armed Services Committee, said recently that "despite expanding obligations, United States force levels have remained essentially static."

"The inevitable result," Mr. Nunn said, "has been a widening gap between forces on hand and forces needed to achieve our military strategy. In short, our military strategy far exceeds our present capability and projected resources."

A retired military officer who asked not to be identified said the United States had left itself or its allies wide open to attack in, for instance, South Korea, by making too many commitments.

"Somebody's going to call our bluff," he said.

That theme ran through the congressional debate on the military budget last winter as a fundamental issue was raised once again: Should the United States enlarge

its armed forces or should it shrink its commitments?

In defense of the administration's proposals for military spending, the secretary of the navy, John F. Lehman Jr., asserted: "If cuts are to be taken, Congress must face that they may stay longer. The commitment to Chad started with relatively small shipments of missiles and three sergeants to train Chadian soldiers, but more military assistance was announced Tuesday."

Last week, the administration reaffirmed President Jimmy Carter's pledge to use military force if necessary to keep oil flowing from the region around the Gulf.

The deployment of the 30 AWACS, or airborne warning and control system, planes illustrates the demand on U.S. military forces, especially since those aircraft have often been assigned to show the American flag as gunboats did in an earlier day.

Home for the AWACS jets is (Continued on Page 2, Col. 4)

There were conflicting versions as to the whereabouts of the kidnapped ministers. Privately owned radio stations said they were taken to the Chuf mountain town of Aamatour. But other sources said they were taken to Moukhtara, another Chuf town that is the power base of Walid Jumblatt, the Druze leader.

Mr. Gemayel and Mr. Wazzan met in an emergency session with the remaining cabinet ministers to decide on what action to take, the radio said.

The abduction followed a day of hostilities. In the day's violence the Lebanese Army was ordered to open fire for the first time on Druze positions after the Beirut airport was hit by rocket fire. The police said five persons were killed and 30 wounded. One of the dead was identified as an Israeli soldier.

The kidnapping climaxed one of the worst waves of violence in Lebanon since Mr. Gemayel's government took office in September, and

## Druze Kidnap 3 Members of Beirut Cabinet

### Radio Says Leftists Demand Resignation of Government

BEIRUT — Leftist Druze gunmen kidnapped three cabinet ministers Wednesday and demanded the resignation of the Lebanese government in exchange for their release, state and privately owned radio stations reported.

The Christian-controlled radio station of President Amin Gemayel's Phalange Party reported that the abductors said the 10-man cabinet, including Prime Minister Shafiq al-Wazzan, a Sunni Moslem, must resign to gain the release of the three ministers. It was not clear whether the demand included Mr. Gemayel himself.

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it threatened to cause an escalation in the fighting between the nation's Christian and Druze sects in the Israeli-occupied central mountains.

The state radio said the three abducted officials were Pierre Khoury, minister of public works, a Maronite Christian; Adel Hamieh, minister of finance, a Druze; and Adnan Mroweh, minister of public health and labor, a Shiite Moslem.

State and privately owned radio stations said leftist gunmen of Mr. Jumblatt's Progressive Socialist Party staged the abduction in the town of Baadran in the Chuf highlands.

The broadcasts said the ministers had been sent by Mr. Gemayel to meet with Sheikh Mohammed Abu Shakra, spiritual leader of Lebanon's 200,000-member Druze Moslem sect, to discuss ways of ending the nine-month-old Christian-Druze warfare.

In response to the rocket attack on the airport, the Lebanese Army returned artillery and mortar fire on Druze positions in the hills overlooking Beirut, and the 1,200-man U.S. Marine contingent at the international airport was placed on "condition one," its highest state of alert in four months, according to a Marine spokesman, Major John Shortwell.

During a lull in the bombardment, Robert C. McFarlane, the U.S. special envoy to the Middle East, visited the marines. But a shell struck about 450 meters (500 yards) north of the compound as Mr. McFarlane was meeting with (Continued on Page 2, Col. 7)

## Debris Orbiting a Star May Be a Solar System

By Walter Sullivan  
New York Times Service  
NEW YORK — Evidence from an orbiting observatory has raised the possibility that an infant planetary system is circling a nearby star.

The Infrared Astronomy Satellite, launched in January, has discovered that the star Vega is surrounded by a giant disk or shell of material.

The Jet Propulsion Laboratory of the California Institute of Technology described the discovery Tuesday as the first direct evidence that solid objects are orbiting a star other than the sun.

The objects within the cloud could be anywhere in size from boulders to full-fledged planets. It is not possible to determine the composition of the material in the cloud or how much of it there is, the laboratory said.

According to scientists at the laboratory, the discovery provides "the first scientific opportunity to study what may be an early solar system accreting from stellar debris" in the same manner as the sun and planets of the Earth's system.

Vega is relatively near and is the third brightest star in the sky. It is

currently prominent in the "summer triangle" of Vega, Deneb and Altair.

The star is thought to be less than a billion years old—less than a quarter the age of the sun and its family of planets. It is believed that the solar system, in its infancy, was also a cloud of dust, gas and meteoric fragments that formed into a disk and then into objects as large as moons and, finally, planets.

Vega is twice the size of the sun and 60 times as luminous. It is 26 light years distant.

The cloud of matter around Vega extends 80 astronomical units from the star. (One astronomical unit is the distance of Earth from the sun.) Pluto, the outermost planet, is almost 40 astronomical units from the sun, so the cloud is somewhat larger than the region inhabited by the planets of the solar system.

The discovery was serendipitous. Operators of the satellite, which is controlled from the Appleton-Rutherford Laboratory in Chilton, England, aimed it at Vega to test the sensitivity of its detectors, since that star is often used for such calibration. It was found that the

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■ East and West German representatives keep a painful distance in Washington. Page 4.

■ As the Hiroshima bombing is commemorated, the Japanese are preoccupied with more immediate concerns. Page 3.

■ Lines are forming at the passport office in Warsaw. Page 4.

TOMORROW

■ Leni Riefenstahl, controversial filmmaker and photographer, is writing her memoirs, but took time off to talk to Joseph Fitchett. Weekend.

## U.K. Soldier Charged as Ulster Killing Stirs Riot

Compiled by Our Staff From Dispatches  
BELFAST — A British Army private was arraigned on a murder charge Wednesday in Belfast after the shooting death of an unarmed man set off a third straight night of rioting by Roman Catholics.

The rioters burned vehicles and threw gasoline bombs and stones Tuesday night, and the police countered by firing plastic bullets.

The rioting in the Catholic neighborhoods of Belfast began after Thomas Riley, 22, was killed in a scuffle with British troops in the Ballymurphy section. It continued into the early hours of Wednesday.

Private Ian Richard Thain was arraigned in Magistrate's Court in the killing of Mr. Riley, who was hit by a single shot. Magistrate John Edwards ordered the soldier held in military custody pending a hearing Sept. 9.

Rail was set at £100 (£150) after an officer from Private Thain's regiment, the Light Infantry, said the

soldier would not be allowed to leave Northern Ireland.

Private Thain, who wore civilian clothes at the arraignment, was not asked to enter a plea and spoke only twice in the five-minute appearance before a packed courtroom. He said he understood the charge and said he did not yet have an attorney.

According to the police, the shooting occurred after a confrontation between a group of Catholic youths and an army foot patrol. They said the youths were unarmed.

"When the foot patrol passed the crowd, a fracas broke out and a shot was fired by the patrol," a police spokesman said. "The youth was dead on arrival at the hospital."

One man mild reporters: "I saw

three soldiers run after him. I heard a shot and the man who was running away fell on a street corner. It looked to me like bloody murder."

The latest wave of rioting in Northern Ireland cities started Sunday to mark the 12th anniversary of Britain's former policy of internment. Irish guerrilla suspects without trial. Britain introduced the policy in August 1971 and abandoned it in 1975, but Irish Republican Army supporters continue to mark the anniversary each year.

There was no violence Wednesday night, the police said, the first calm night in four.

The police said 65 persons were arrested in violence late Monday and early Tuesday, including Stephen Lich, 23, of Indianapolis. Mr. Lich is a member of an 80-member group of Americans from the New York-based Irish Northern Aid Committee (Noraid) that is visiting Belfast.

A vacationing Canadian, Kevin

Callaghan, a 30-year-old teacher from Montreal, was charged with riotous behavior. Mr. Callaghan pleaded not guilty in Magistrate's Court on Tuesday. He was refused bail and ordered held in custody.

Mr. Lich was arrested for allegedly participating in a riot in the Catholic Falls Road section of west Belfast. He appeared Tuesday in Magistrate's Court and was ordered jailed without bail pending a hearing Thursday. He also pleaded not guilty.

The Noraid group is in Belfast for what it describes as a fact-finding mission. The British and Irish governments say the group is a major fund-raiser in the United States for the outlawed IRA, but the group says the money it raises helps the families of IRA members who are in prison.

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## Despite Censorship, the News Got Out of Sri Lanka

### Correspondents Evaded Wiretaps, Used 'Pigeons' or Traveled to File Stories

By William Claiborne  
Washington Post Service  
COLOMBO, Sri Lanka — When a wave of ethnic violence swept across this idyllic island republic, Sri Lankan officials, accustomed to dealing with a pliant, state-controlled press, found themselves abruptly besieged by scores of foreign journalists clamoring for information.

Torn between traditional Sri Lankan hospitality and their instinct to pin the best possible face on an unflattering situation, the officials groped for an information policy that would satisfy both needs.

But in the end, amid rising attacks by the Sinhalese majority against the Tamil minority that left more than 300 dead and up to 100,000 homeless, they opted for that time-tested remedy for information mini-crises: head-on, stringency state censorship.

For this correspondent, it was an unsettling reminder of Baghdad in the first tumultuous weeks of the Iraq-Iran war in 1980, and of Tehran in the first heady days of the Islamic Republic in 1979, when the Iraqi Information Ministry and the Iranian Ministry of National Guidance similarly quarreled with initially sympathetic journalists and

also dealt with the problem in the only way they knew — by imposing censorship.

Most of the correspondents who descended upon Sri Lanka coped with censorship the way correspondents usually do — first by arguing futilely to change the system, then by applying resourcefulness and ingenuity to circumvent it, and finally by leaving the country to transmit dispatches that had been blocked by the censor.

The managers of Sri Lanka's attempt to censor the foreign press were a no-nonsense middle-aged woman named Nand Abeyratna, acting director of the Information Ministry's press department, and Douglas Liyanage, the urban secretary of the Ministry of State.

"Anything connected with security that hasn't been officially released" is how Mrs. Abeyratna described censorable material when she summoned foreign reporters to her office during the first days of the communal rioting. She proceeded to blue-pencil dispatches submitted to her, in some cases deleting official pronouncements issued at Mr. Liyanage's daily press briefings.

Mr. Liyanage said the government was only trying to prevent the publication of "distorted and un-

balanced" reports, and when informed by angry foreign reporters at one briefing that his own bland official announcements were being deleted by the censor, he promised to look into the matter.

At one point, Mr. Liyanage announced a "minor tightening" of censorship, extending it to cover "all material relating to the law and order situation," whether originating in Sri Lanka or any other country, if it was deemed "prejudicial" to national security. The ban was understood to cover references to Tamil-organized demonstrations in India and European capitals.

Mr. Liyanage also announced on Aug. 1 that all photography would be prohibited for two days; that hotel telex operators had been warned not to accept uncensored copy; that curfew passes would be honored only between a reporter's hotel and the censor's office; and that refugee camps for homeless Tamils families would be off limits to journalists.

That same day, the censor's office shortened its working hours, making it difficult or impossible to include late-breaking news in dispatches submitted for approval.

Telephone taps on reporters' hotel rooms became more frequent, although they were so flawed tech-

nically and so obvious that they could be evaded by moving to another room, or by simply waiting for the automatic monitoring device to scan over telephone extensions at random for conversations.

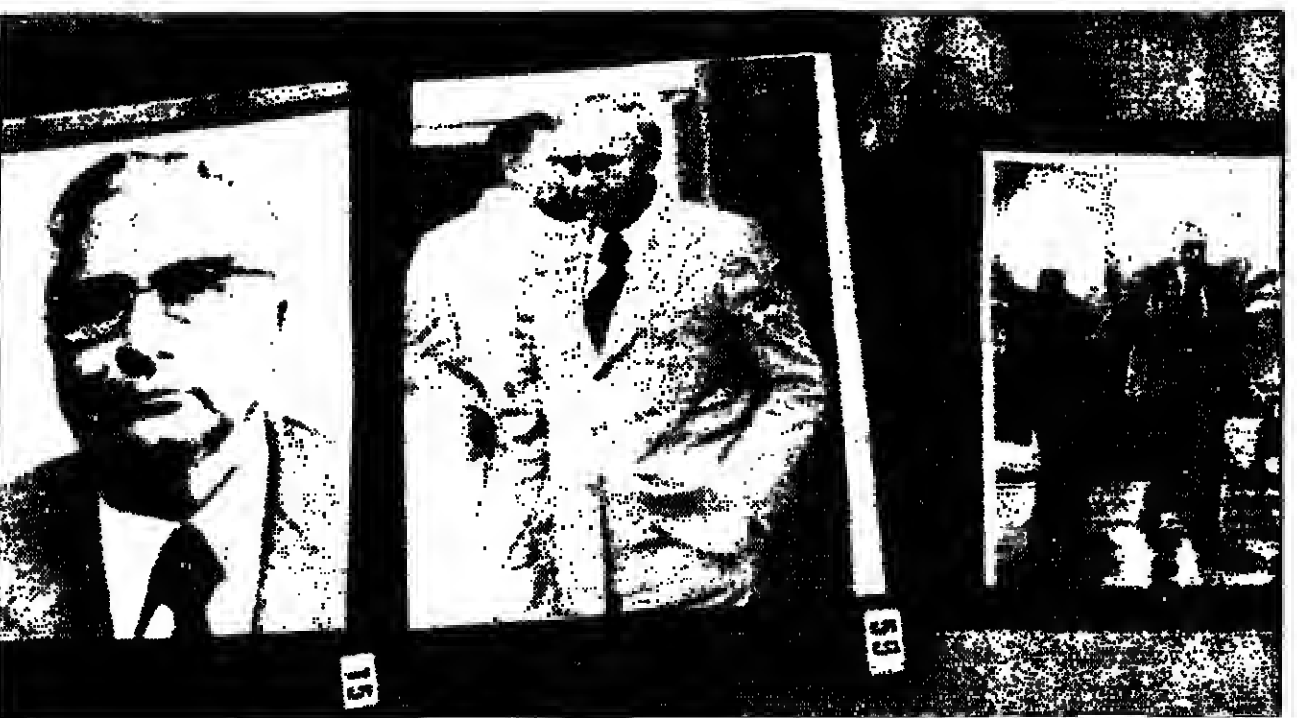
Despite the clampdown, many correspondents continued to circumvent the censor. Some allowed the censor to delete portions of their dispatches and then telephoned their home offices to "clarify garbled telexes"; some moved from room to room — and even from hotel to hotel — in an effort to avoid the telephone taps; some scoured the airport departure lounge for "pigeons" to take their copy out of the country, and some flew to Singapore and Bombay to file their reports.

For their part, the Sri Lankan authorities seemed to be aware of the gaps in their censorship curtain, and also seemed not to care as long as "gross violations" did not occur.

A retired military officer who asked not to be identified said the United States had left itself or its allies wide open to attack in, for instance, South Korea, by making too many commitments.

"Somebody's going to call our bluff," he said.

That theme ran through the congressional debate on the military budget last winter as a fundamental issue was raised once again: Should the United States enlarge



Pictures of Licio Gelli that were exhibited by lawyers at a 1981 press conference. He disappeared from a Swiss jail Tuesday.

## Banco Ambrosiano Figure Missing From Swiss Jail

Compiled by Our Staff From Dispatches  
GENEVA — Licio Gelli, who has become a key figure in the Banco Ambrosiano scandal, disappeared mysteriously Tuesday night from a prison near here while awaiting a decision on his extradition to Italy.

Geneva authorities immediately voiced the suspicion that Mr. Gelli had been forcibly removed from his one-man cell, but later a police

spokesman said the possibility of a faked kidnapping was being investigated.

Mr. Gelli, 64, was associated with Roberto Calvi, the president of the collapsed Banco Ambrosiano, who was found hanged a year ago under a bridge in London.

Mr. Calvi had fled to London after being sentenced by an Italian court to four years in prison for currency smuggling. An inquest held in London last month left

open the question of whether Mr. Calvi had been murdered to prevent him from talking.

Mr. Gelli, head of Propaganda Due, or P-2, a secret Masonic lodge in Italy that grouped influential political, financial, military and journalistic figures, was being held in Switzerland on an Italian arrest warrant. The Italians seek his extradition on charges of plotting against the state and espionage.

Mr. Gelli was arrested in Geneva

a year ago when he attempted to withdraw funds from a numbered account holding \$50 million to \$70 million. The funds were believed to have been part of the Banco Ambrosiano financial empire.

Authorities said the money had been transferred to Switzerland from a South American branch of Banco Ambrosiano. Investigators said Mr. Gelli was carrying a

(Continued on Page 2, Col. 6)



## White House Criticizes Latin Reporting

By Lou Cannon  
and Juan Williams

WASHINGTON — A White House official trying to mobilize support for President Ronald Reagan's Central America policy blames "deliberate distortion" by the news media and major U.S. churches for continuing public ignorance of and opposition to the administration's strategy.

"I think the media has tried to portray what we think are the bad guys, the communists, as Robin Hoods," said Faith Ryan Whiteley, the White House director of public liaison. "And I think the confusion has been deliberate and that accounts for some of the ignorance."

Mrs. Whiteley, who is directing the White House campaign to line up conservative, business, labor, ethnic and veterans' groups behind

Mr. Reagan's Central America policy, said she watched television every night and was "appalled" by coverage she described as "biased and one-sided."

She used similar language to criticize the opposition of American church leaders to administration policy, saying they "tend to characterize the Sandinistas as Robin Hoods, essentially fighting for social justice" in Nicaragua.

Mrs. Whiteley said the White

House is trying to counteract this by emphasizing that the leftist Sandinist government of Nicaragua has "persecuted Jews, Protestants and Catholics [and] booted and heckled the pope when he was down there trying to offer Mass."

Mrs. Whiteley made her comments during an interview in which she and an assistant, Morton C. Blackwell, assessed the continuing White House "public diplomacy" campaign designed to drum up the media and church leaders by mobilizing grass-roots organizations and their internal communications systems.

The two officials presented a written account of 34 specific undertakings on Central America originated or encouraged by the administration, including a supportive editorial in American Legion Magazine, mobilization of chambers of commerce in Latin America, advertisements in major newspapers placed by the Conservative Caucus and a conference on "Democracy for Nicaragua" sponsored by the Institute of Religion and Democracy.

They have also published five "White House Digests" focusing on suppression of civil liberties in Nicaragua, the purported Soviet-Cuban arms buildup there and the role of the Palestine Liberation Organization in helping the Sandinistas.

A separate tabulation showed that representatives of 150 organizations have participated in weekly "outreach" meetings in the Executive Office Building in which prominent administration officials, including the president, have been featured speakers.

Mr. Blackwell characterized the activity as "a long, incremental effort" to convince American voters that Mr. Reagan's Central America policy makes sense. While acknowledging that it has so far failed to increase popular support for the president, Mr. Blackwell contended the administration is in a "no-lose situation."

He said Mr. Reagan's policy would be approved by a majority of Americans if the present combination of pressure and negotiation succeeds.

"If on the other hand, the president doesn't get what he has requested [in El Salvador] and there is a disaster, it seems to me very reasonable that the American people will pin the blame where it belongs," Mr. Blackwell said, making clear that he meant opponents of the policy.

Real public opinion polls have shown deep voter skepticism about administration policy in Central America. A Washington Post-ABC News poll last week showed overwhelming disapproval of CIA support for guerrillas trying to overthrow the Sandinistas in Nicaragua, although a majority did agree that the situation in Central America was "a threat" in the United States.

In a finding that underpins White House sensitivity about coverage of Central America, 49 percent of voters said they would tend to believe major television and newspaper reports compared with 39 percent who said they would tend to believe Mr. Reagan. The remainder said it would depend on the specific story or had no opinion.

Polls taken for the White House by Richard B. Wirthlin have consistently shown voter indifference and ignorance about Central America. After the president made a major speech about it to a joint session of Congress in April, a Wirthlin poll found that seven out of 10 voters did not even know he had mentioned Nicaragua.

Mrs. Whiteley criticized published polls, saying that if people were asked, "How would you feel, if as a result of a communist takeover, two million refugees have come in the United States, you get a completely different answer."



A captured Libyan pilot, whose plane went down in the battle for Faya-Largeau, leaves a building in the Chad capital of N'Djamena after being interviewed by journalists.

## French Force for Chad Is Said to Number 500

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Socialists say their troops will not fight, while in the past French forces often saw action. Between 1969 and 1972 about 50 French soldiers were killed in Chad, and in 1978 France sent aircraft as well as soldiers against the rebels.

Knowledgeable observers believe Mr. Mitterrand is being forced to accept a deeper involvement in Chad's civil war because of broader calculations of national interest.

The vast, impoverished desert that is Chad has long served as a buffer, helping protect French-speaking Africa's prosperous, pro-Western coastal states from radical political forces in the north. To let Chad to fall under Libyan influence would threaten the stability of

countries like Cameroon, the Ivory Coast, Gabon and the Central African Republic.

For any French government, the stakes are high. More than 350,000 French citizens still live in France's old colonies, controlling much of their industry and trade. In the Ivory Coast, nearly half the industry is French-owned. Collectively, French Africa buys nearly \$2 billion more a year from France than it sells, providing one of the few strong points in the French balance of payments.

The Socialists also inherited a pattern of alliances that makes it hard to avoid supporting governments in trouble without loss of prestige, diplomats point out. All these countries have defense treaties with France, which also garners 6,500 troops and 20 fighter-bombers at bases in Senegal, the Ivory Coast, Gabon and the Central African Republic. "There's an assumption France will act," a Western diplomat said.

**U.S. Expresses Concern**  
The State Department said Wednesday that the United States continued to be deeply concerned about Libya's aggression against Chad and condemned Libya's "blatant military intervention." United Press International reported from Washington.

## Debris Orbiting a Star May Be a Solar System

(Continued from Page 1)

star was enveloped in the enormous cloud, ring or shell of material.

The discovery was made by Dr. H.J. Aumann of the Jet Propulsion Laboratory and Fred Gillett of the Kitt Peak National Observatory near Tucson, Arizona. The satellite, a joint venture of Britain, the Netherlands and the United States, has already discovered several

comets and other phenomena most readily detected at the infrared wavelengths emitted by relatively cool objects.

While this is the first direct evidence suggesting another planetary system, there has been speculation in the past about such systems. It has been hypothesized, for instance, that some stars appear to fly a winding path through space because of the gravitational influence of unseen planets.

Most often discussed among these stars is the small, faint red star discovered in 1916 by Edward E. Barnard and known as Barnard's star. It is only six light years away. Evidence for such perturbations has never been strong enough to convince the astronomical community that planets are the cause. Radio emissions from such clouds indicate that they are rich in molecules that could provide starting materials for the evolution of living organisms. But this evidence suggests matter much less substantial than that reported Tuesday.

## Bank Figure Is Missing

(Continued from Page 1)

forged Argentine passport when arrested. He was given a suspended two-month sentence by a Geneva court last March for having entered Switzerland under a false identity. Meanwhile, he remained in prison under the Italian warrant.

The Swiss Federal Supreme Court is to rule on the extradition demand at an hearing set for Aug. 19. The hearing will be held whether or not Mr. Gelli is in custody, court officials said.

Mr. Gelli's lawyer said traces of blood and an injection syringe were found in the cell, and other signs of a violent struggle were discovered in the corridor.

Police found a hole out in the wire fence surrounding the prison, which holds 250 inmates. The alarm was sounded at 7 A.M. when a stuffed dummy wearing prison pajamas was found in Mr. Gelli's cell. The prison is a mile from the French border.

## WORLD BRIEFS

### Employers Back Craxi on Economy

ROME (Reuters) — Confindustria, the Italian employers' federation, gave a preliminary welcome Wednesday to the economic program outlined by Prime Minister Bettino Craxi but reserved final judgment until concrete measures are announced.

Vittorio Merloni, chairman of Confindustria, said the plan was realistic and responded to the country's serious economic situation. He said it also recognized the need to improve the competitiveness of Italian industry. Mr. Craxi told parliament Tuesday night that he was seeking to reduce inflation to 10 percent from its present 15.4 percent by the end of 1984, and in keep the public sector borrowing requirement at 80,000 billion lire (\$50 billion) this year, compared with 71,000 billion lire in 1982.

### Spanish Republicans Denied Benefits

MADRID (Reuters) — Spain's Constitutional Court has rejected an appeal by army and air force officers who fought on the Republican side during the civil war for pension rights and other benefits, a spokesman for the veterans said Wednesday.

The decision means that all legal channels have been exhausted and the veterans must either appeal to parliament or take their case in the European Commission on Human Rights.

The court ruling affected 700 airmen and 5,000 army officers who joined the Republican armed forces after the outbreak of the 1936-39 war.

### Two Foes of Upper Volta Coup Killed

OUAGADOUGOU, Upper Volta (Reuters) — Two military officers captured after opposing last week's coup by leftist officers were shot to death while trying to escape, Ouagadougou radio announced Wednesday. They were named as Colonel Gabriel Some Yorian and Major Fidele Guebre.

The National Revolutionary Council, set up after the coup last Thursday that overthrew President Jean-Baptiste Ouédraogo, announced their capture Tuesday night.

Colonel Some Yorian, who had a distinguished career in the French Army before occupying leading positions in various Upper Volta administrations, was held responsible for May's purge of leftist officers, including Prime Minister Thomas Sankara. Captain Sankara was the leader of last week's coup.

### Guatemala's Rightists Make Appeal

GUATEMALA CITY (Reuters) — Guatemala's powerful political right has called for the inclusion of party politicians in a transitional government under the new military ruler, General Oscar Mejia Victores.

"What we want most of all is democratic elections," said Mario Sandoval Alarcón, head of the rightist National Liberation Movement, which has been a leading force in Guatemalan politics for two decades. "Not pending a return to constitutional rule, we would like a government of national unity including representatives of the major parties."

Mr. Sandoval said the subject had been discussed at a meeting Tuesday of five rightist parties and the centrist Christian Democratic Party, but no formal approaches had been made.

### Bomb Damages Train Near Florence

FLORENCE (UPI) — A bomb explosion damaged the Milan-Palermo express train Tuesday night, which was carrying more than 1,000 vacationers, the police said Wednesday.

Investigators said the bomb caused only minor damage and no injuries, apparently because it went off seconds before the 18-car train crossed the tracks where the bomb was planted near Vaiano.

An anonymous telephone caller to the Rome newspaper Il Tempo said the "Black Order" was responsible for the attack. The police said the caller made clear the organization was rightist.

### Malta Reportedly Changing Stance

HELSINKI (UPI) — Malta has indicated that it will soften its stance at the 35-nation Conference on Security and Cooperation in Europe in Madrid, the Finnish Foreign Ministry said Wednesday.

In a press statement, the Foreign Ministry said Malta had indicated its representatives would attend a preparatory meeting this fall for the next major European disarmament conference. It is the first sign that Malta has softened its position.

Malta's signal followed an appeal by Prime Minister Kallevi Sorsa of Finland to Prime Minister Dom Mintoff of Malta, who has held up the signing of a final document at the conference by demanding a separate Mediterranean security conference.

### For the Record

BEIJING (UPI) — Mikhail Kapitsa, the Soviet deputy foreign minister, will visit China from Sept. 8 to 16, the Foreign Ministry's Information Department announced Wednesday. He will be the first high-ranking Soviet official to visit China since relations between the two nations deteriorated in 1960.

ZURICH (UPI) — Swiss people of voting age oppose by 55 percent to 45 percent the idea of Switzerland's joining the United Nations, an opinion poll by the Ispohis Institute showed Wednesday.

TEHRAN (Reuters) — A bomb attached to a diplomat's car exploded Wednesday in the compound of the French Embassy but no injuries were reported, the charge d'affaires, Jean Perrin, said. He said that an Armenian guerrilla organization, the Orly Group, had claimed responsibility.

WARSAW (AP) — Poland's Roman Catholic primate, Cardinal Józef Glemp, underwent a gall bladder operation Wednesday and was in good condition afterward, the church announced.

PARIS (AP) — An unidentified man committed suicide Wednesday night by leaping from a tower of Notre-Dame Cathedral in the second such incident this week, the police said. On Sunday, a 25-year-old French woman jumped from the cathedral, killing herself and a 29-year-old Canadian woman on the ground.

## 3 Lebanese Cabinet Members Reported Abducted by Druze

(Continued from Page 1)

the Marine commander, sending marines running for cover.

Mr. McFarlane walked to his nearby car and sped off with a Lebanese police escort.

The state-run news agency reported that after the airport attack Druze forces shelled a small Lebanese Army garrison in the mountain town of Kfar Matta, 18 kilometers (11 miles) southeast of Beirut, wounded five soldiers and "attacked and entered" two nearby villages. The army garrison was reported under siege.

Major Showell said First Lieutenant Ahmed Morris, 26, had been slightly wounded in the right thigh by a piece of shrapnel from a rocket that exploded in the Marine compound at the airport. No other shells exploded near Marine positions, Major Showell said.

The Marine contingent is part of a multinational peacekeeping force patrolling the Lebanese capital. The police said rockets hit slums at the edge of the airport, killing one woman in her car, another in her bed, a third near a bakery and a boy walking to school.

Six U.S. Navy warships providing support for the Marines pulled back from Beirut's Mediterranean coast during the rocket attack and steamed out of sight, but there was no word of whether any rockets fell near them.

**Lebanese Visits Israel**  
Danny Chamoun, a Lebanese Christian leader and son of former President Camille Chamoun, began a rare official visit to Israel on Wednesday, The Associated Press reported from Jerusalem.

He said his talks centered on "the critical situation" in the Lebanese mountains following Israel's planned troop redeployment.

After meeting Foreign Minister Yitzhak Shamir, Mr. Chamoun said that Israel must ensure that its evacuation of the Chuf mountains leaves no power vacuum that could lead to renewed civil war.

Mr. Chamoun said war could be prevented if the Lebanese Army took control of the Chuf area in "absolute coordination" with the withdrawing Israelis.

He has visited Israel secretly several times to coordinate policy between the Israeli government and Christian Lebanese.

Asked why his current visit was made public, he said, "Things have changed a lot since my last visit." Israel and Lebanon, he added, have "a relationship which will eventually lead to peace with Israel. Therefore, there is no reason to hide our presence."

## Chinese Accept IAEA Safeguards

The Associated Press

BEIJING — China, if it joins the International Atomic Energy Agency, would accept the agency's safeguards to prevent proliferation of nuclear weapons, a Chinese spokesman said Wednesday.

Qi Huaiyan, director of the Foreign Ministry's Information Department, also said China would consult with the IAEA on "whether the agency will be allowed to continue to exercise nuclear safeguards on Taiwan," over which China claims sovereignty.

Hans Bliz, IAEA director general, is due in Beijing on Thursday for a nine-day visit to discuss China's joining the agency.

## Votes Still Out in Key Nigerian Areas

The Associated Press

LAGOS — With several of his strongholds yet to report results, President Shugu Shagari of Nigeria trailed his main challenger by about one million votes Wednesday as counting of returns in Saturday's election continued.

Results from 11 of Nigeria's 19 states showed Obafemi Awolowo, with 7.1 million votes to Mr. Shagari's 6.09 million.

Mr. Awolowo, 74, runner-up in the presidential election four years ago, and Mr. Shagari, 58, led the four other candidates by wide margins. The balloting was the first national election conducted by civilians in Nigeria in 19 years.

Most of the states in which Mr. Awolowo is strongest had reported by late Tuesday, prompting speculation that Mr. Shagari could overcome the deficit when returns from the north, his stronghold, are in.

Mr. Shagari is from Sokoto state. He is expected in an amass consider-

able popular support from there and from two other northern states, Kano and Kaduna.

In third place with 1.69 million votes was Nnamdi Azikiwe, 78, a prominent politician who has vowed to reject the final result.

Mr. Azikiwe contends as many as one million voters in Anambra state in the south, one of his strongholds, were effectively blocked from voting.

To win outright, a candidate must gain a plurality of votes and also win at least 25 percent of the votes in two-thirds of the states.

Of the first 11 states to report, Mr. Shagari had met the 25-percent requirement in eight states and Mr. Awolowo in seven.

A runoff election is scheduled Aug. 16, should no candidate fulfill both requirements.

In four years in office, Mr. Shagari has portrayed himself as a friend of the West. Mr. Awolowo is considered a moderate, on record

as favoring ties with Israel. He is not an enthusiastic supporter of the Organization of Petroleum Exporting Countries, to which Nigeria belongs.

Mr. Shagari is a strong OPEC backer, although Nigeria broke with the cartel's policy earlier this year and unilaterally cut oil prices, forcing other members to lower their prices in an emergency session.

Western observers expressed surprise Tuesday at the size of the popular vote, which — with eight states yet to report — was 1.5 million votes short of the total of 16.8 million ballots cast in 1979.

As widely expected, Mr. Awolowo won overwhelmingly in the southwest, where his Yoruba tribe is dominant. He carried Ogun state with 95 percent of the popular vote and Lagos state with 83.3 percent.

Officials said full results would not be known before late Wednesday.

November 1983

14 Monday 15 Tuesday

FOREIGN EXCHANGE CONFERENCE

LONDON

Note these dates in your calendar now!

The ninth annual International Herald Tribune conference on "The Management of Foreign Exchange Risks" will be held at the Park Lane Hotel in London, November 14-15, 1983.

The conference will be opened by Murray Wiedenshausen, former Chairman of the Council of Economic Advisors in the Reagan administration, speaking on "Reaganomics: success or failure?" Other key speakers include:

- Walter Habermeier, Counsellor and Treasurer of the International Monetary Fund, who will speak on "LDC debt financing."
- Christopher McMahon, Deputy Governor of the Bank of England, who will discuss "The effect of monetary policy on exchange rates."
- Robert Triffin, Professor of Economics at the University of Louvain, speaking on "The future of the EMS."

For further information, please contact the International Herald Tribune Conference Office, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Telephone: (33-1) 747-12-65, Ext. 316. Telex: 612832.

**Herald Tribune**

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إعلان من الجرائد



## Pentagon Hints Army Will Get More Funds While Navy Gets Less

By George C. Wilson

Washington Post Service

WASHINGTON — The Pentagon has taken the unusual step of stating publicly that the army's share of military funding may not have been "equitable."

The statement seemed to serve notice that there will be a different division of the Defense Department's funds in the future.

"Many in this building believe that the army's share" of the budget "has not been as equitable as it should have been," a Defense Department spokesman, Brigadier General Walter C. Cousland, said Tuesday. General Cousland was responding to questions at a regular news briefing about a published report that the navy might lose as much as \$10 billion to the army over the next five years.

Defense Department officials had said they were searching for money to form and equip five new army light divisions at the rate of one division a year from fiscal 1985 through 1989.

The navy's budget, especially for shipbuilding, has been criticized by the defense secretary, Paul W. Tiberius, and the undersecretary for research and engineering, Richard D. DeLauer, in secret deliberations of the Defense Resources Board, sources said.

In those meetings Mr. Tiberius and Mr. DeLauer have been challenging the navy's assumptions that its aircraft carriers, Aegis cruisers and DDG-51 destroyers, could survive attacks by cruise missiles and other anti-ship weapons that the Soviet Union will have in the 1990s, officials said.

The Defense Resources Board is comprised of the leading civilian and military officials of the Defense Department. Mr. Tiberius has been heading the current round of board meetings and has vowed to curb navy budget drafts for the next five years, officials said.

General Cousland declined at Tuesday's briefing to discuss the board's findings. He said no decisions had been made on how much money each service should receive under the next five-year plan.

The army started turning away volunteers at its recruiting stations last year because it had as many soldiers on its payroll as it could afford under a policy of staying small while paying for its biggest rearmament program since World War II.

The five new light divisions, which planners envision as mobile enough to fight in the rough mountain terrain of Iran and other Gulf countries in case of a threat to the oil fields, will be formed out of existing, heavier divisions, partly to save personnel costs.

Besides the bills falling due for such items as M-1 tanks, new helicopters and a whole family of "smart" weapons, such as anti-tank missiles, the army must find money to pay for thousands of trucks and other vehicles on order.

It recently awarded a \$1.2-billion contract to AM General Corp. for production of 54,973 High Mobility Multipurpose Wheeled Vehicles, called Humvees. The new vehicle is supposed to combine the abilities of light trucks and jeeps.

Pentagon analysts are predicting privately that even with more of the Pentagon budget the army will not have enough money to pay for all the hardware it intends to buy and therefore must start canceling programs soon.

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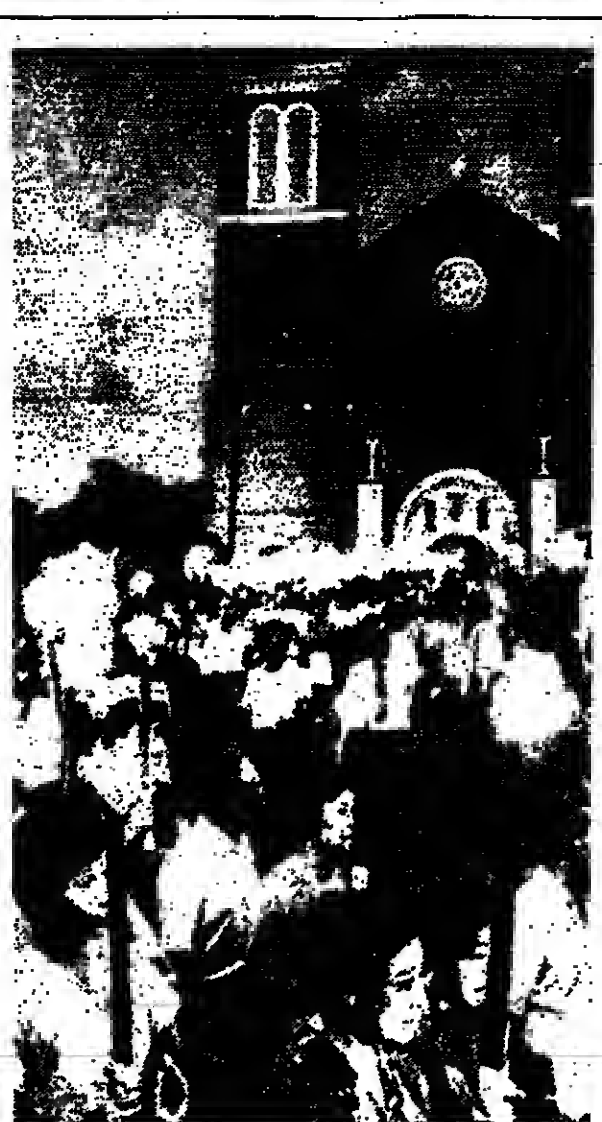
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NAGASAKI REMEMBERS — A procession of 2,500 Roman Catholics leaves Nagasaki's Urakami Cathedral as part of services to mark the 38th anniversary of the city's destruction by an atomic bomb.

## Hiroshima Ritual: A New, Muted Japanese View

Events of 38 Years Ago May Rule the Soul, but the Nation's Mind Is on Baseball

By Clyde Haberman

New York Times Service

TOKYO — Matter-of-factly, as though he was recounting some minor experience on the way to work, he told how he probably would have died if atomic bombs had not been exploded at Hiroshima and Nagasaki.

His name, he said, is unimportant. He was a university professor, and his opinions on military matters are still highly regarded in important circles.

His only concern was that his view not be interpreted as an endorsement of nuclear weapons.

In August 1945, he was 30 years old and living in Tokyo. If living is what one could call surviving and waiting away to less than 90 pounds (41 kilograms). Once, when he had to walk up a flight of stairs to reach an office on the second floor, he barely made it, he recalled.

"I couldn't have survived another month," he said. "If the military had its way we would have fought until all 80 million Japanese were dead. Only the atomic bomb saved me. Not me alone, but many Japanese, ironically speaking, were saved by the atomic bomb."

His story is the sort that many Japanese can tell, but not many have done so until lately.

A similar thought was expressed by Dr. Taro Takemi, former president of the Japan Medical Association, in the current issue of the Journal of the American Medical Association.

This is the season when Japan looks into its soul, a ritual with many private transfusions for educational fees, and private unrequited transfers, dues and subscriptions.

The new surcharges constitute not only a tax on the use of foreign exchange, but also serve as a means of generating revenues for a more rational development of the productive forces in the economy. As a result, increases have been registered in the prices of selected commodities, including soap, baby foods, meat, matchboxes, tube tires, tinna milk, cloth, beer, cigarettes, automotive batteries and petrol, gas oil and kerosene. Some of these have been reviewed following consultations between the Government and organized labor, represented by the Ghana Trades Union Congress (T.U.C.).

To enable workers generally to meet the higher cost of living that the new price structure, brought about by the surcharges, has created, the Budget Statement proposed a salary rationalization which increased the minimum wage paid to workers from C12 cents a day (\$4.3) to C21.19 a day (\$7.70). This has now been raised to C25 (\$9.09) as a result of negotiations with the T.U.C. The Budget Statement further announced a new approach to pricing policy. It observed that for a long time, pricing policy had been a "mixture of administered, or controlled prices for manufactured goods, and market-determined prices for agricultural produce, officially supported by guaranteed minimum prices for cereals and cocoa."

The result was that, empirically, inflation had tended to be higher in periods when official policy had favored price controls. To the extent that price controls had been effective at all, this had been "at the factory or wholesale level, and hardly so at the retail level."

A new approach was therefore to be introduced, whose underlying principle would be a recognition that "where there are serious supply bottlenecks, neither laissez-faire market-determined prices nor the rigid enforcement of prices, unrelated to costs of production, is a satisfactory basis for action."

A viable pricing policy would be formulated in the context of a systematic elimination of the critical supply bottlenecks. Henceforth, pricing policy would be based on production costs together with appropriate incentive margins. In this way, it is hoped, a "set of competitive price guidelines" would be evolved, which would help bring the rate of inflation down. Attempts would also be made to supplement local production of food with imports, so as to reduce the high input exerted on prices by scarcity. Out of the total 1983 import bill of \$1,100 million for example, \$65 million had been earmarked for food imports.

Investment in agro industries

The Budget makes provision both for increased local production of raw materials and food. But it recognizes that in the short term, increases in capacity utilization in agro-based industries can only be achieved by raw material imports. However, in catering for these, care is taken to ensure that the pricing of such imports will be at rates that do not in the long run encourage over-reliance on imports.

To obtain the maximum possible earnings from the export sector, higher prices for selected exports have been announced. Cocoa, timber and mineral exports are all being revitalized through the export bonus system. As regards cocoa in particular, a "New Deal" has been launched by the chairman of the PNDC. Under the scheme, farmers, whose

Nagasaki's turn. Six days after that and three weeks ahead of the professor's timetable for his own death, World War II was over.

The last few days have been given to remembrances and warnings against repetitions, but some Japanese detect a certain mechanical quality to the ritual.

Hiroshima may rule the soul, but the Japanese mind is elsewhere.

If there is truly a national event this week, it is not taking place in the Peace Parks of Hiroshima and Nagasaki, but on a baseball diamond outside Osaka.

Every August, a two-week high school baseball tournament is held there. One can try to run away from it, but, as Joe Louis once said, you can't hide. All day long, the games are carried live. Office work marches on or stumbles, depending upon the action taking place on television, which is on almost everywhere.

The pageantry marking the opening of the baseball tournament get splashed coverage in some newspapers than the memorial service in Hiroshima.

Maybe it is just an extension of the Japanese passion for baseball. Some think it has to do with the fact that three out of four people now live in big cities. This tournament is one of the few opportunities for small towns to be heard from, and many find it exciting to watch the team from the village beat the bigger guy.

In the gridding summer heat, it is also easier for people to concentrate on the vacations that more and more of them can now afford to take, for ever-lengthening periods, than to endure one more exercise of painful retrospection.

Besides, there are always new fears and new dead.

A strong earthquake jolted Tokyo and its outlying areas Monday. Buildings swayed and floors rose and then fell. Books tumbled from shelves. In some sections the streets opened up.

A woman was killed when a falling rock struck her while she was hiking. A 12-year-old boy suffered a mild heart attack. Thirty-eight years seemed long ago, and thoughts tended to dwell more on the earthquake that may strike next year.

Still, in this season, the Japanese remember. How could they not?

About 50,000 attended the commemoration in Hiroshima. Families came to dedicate lists containing the names of 5,179 victims whose deaths in the last year had been confirmed. The overall total now is 108,956. On Tuesday morning the same rite was performed in Nagasaki. That city's toll: 61,969.

Tokyo residents went to the enormous Yasukuni Shrine, which is a rough Shinto equivalent of Arlington National Cemetery. It is

where the nation worships the spirits of servicemen who gave their lives in the name of the Japanese empire. There are 2.5 million of these.

Inevitably perhaps, such events brought out a measure of nationalistic fervor. Sound trucks carrying men in military fatigues wove through central Tokyo on Tuesday. On the sides were banners with ardently patriotic messages and from the backs fluttered the Japanese flag. Loudspeakers blared old war songs.

Some people witness such activities and wonder if Japan is turning toward militarism once again. There is unquestionably a rising conservative tide, but displays such as Tuesday's are the exception.

One could just as easily watch the worshippers at the shrine Tuesday morning, tossing coins into a large box and clapping their hands to alert the spirits to their presence.

As they bowed their heads in silence, children played nearby, a few of them bending down to feed a flock of white pigeons.

## Pinheiro de Azevedo Dies in Lisbon; Former Prime Minister of Portugal

The Associated Press

LISBON — Admiral José Baptista Pinheiro de Azevedo, 66, a navy career officer who became Portugal's prime minister in the mid-1970s, died Wednesday at Lisbon's naval hospital after a heart attack, hospital sources said.

The admiral was born in Angola, then a Portuguese colony, on June 5, 1917. He entered Lisbon's naval academy at the age of 17.

At the time of the 1974 military coup, he was a captain heading continental Portugal's marine corps. He was named to the Junta of National Salvation and also served as naval chief of staff.

He became prime minister of the sixth provisional government on Sept. 19, 1975, and served until June 1976 when he was an unsuccessful candidate in the presidential election.

## Haitians Say AIDS Link Is Unfair; Tourism Off

By John Wilke

Washington Post Service

WASHINGTON — Haitian officials say their country has been unfairly linked to the outbreak of acquired immune deficiency syndrome (AIDS) in the United States, casting a "pall of gloom over the country" that has harmed the Caribbean nation's economy.

"A whole population should never have been given this stigma," said Dr. Ary Bordes, the Haitian minister of health. He added that there were "quite a few flaws" in sampling and classification methods used by the U.S. Centers for Disease Control to identify Haitians as being at high risk for the mysterious disease.

"Compared with all the other health problems we have, AIDS is not a major concern," Dr. Bordes said. But he added that "it is coming to the forefront" as a major economic problem because of an estimated 75-percent decline this

year in the tourist trade. Tourism makes up the largest portion of Haiti's economy.

Dr. Bordes presented data on the incidence of the disease in Haiti at an international symposium on AIDS in the Americas this week. The closed meeting of epidemiologists and government health officials, sponsored by the World Health Organization, the National Institutes of Health, the Centers for Disease Control and the Canadian Laboratory for Disease Control.

Dr. Bordes said that Haitian physicians had identified 157 suspected cases of AIDS. Haiti has a population of about six million.

"The public perception is that those at risk for AIDS are the ones responsible for spreading the disease," Dr. Bordes said in an interview. He said that this had been "traumatic" for the Haitian people, described as "victims, not carriers" of the disease.

Dr. Harold Jaffe, an epidemiologist with the Centers for Disease Control, said that Haitians comprise 5.3 percent of the total number of cases in the United States, a number that is high enough to justify their classification as a separate high-risk group.

The disorder, which destroys the body's immune system and leaves victims vulnerable to fatal infections, has primarily affected male homosexuals and intravenous drug abusers. As of Aug. 1, the Centers for Disease Control reported, 1,972 people had contracted AIDS in the United States and 759 had died.

U.S. health officials are sensitive to the concern that Haitians may have been prematurely identified as a risk group.

Dr. Edward N. Brandt Jr., assistant secretary of health and human services, said in recent congressional testimony that "because sociocultural differences may lead to problems in obtaining sensitive personal information from Haitians residing in the United States," the identification of Haitians as a risk group "must be interpreted cautiously."

Dr. Ronald S. John, chief of epidemiology for the Pan American World Health Organization, said there was "really no danger" that travelers visiting Haiti would contract AIDS.

He said that the disease, which is believed to be spread only by contact with the blood or semen of infected people, has been reported in 10 countries. But he said that "active transmission" among high-risk groups appeared to be occurring only in Canada, Haiti and the United States.

The six were said to have admitted a plot to smuggle 720 cases of Scotch whisky, which sells on the Saudi black market at more than \$100 a bottle.

Word of the sentences reached Britain when friends of the men informed the British Embassy in Saudi Arabia.

"We are trying to confirm the sentences with authorities in Saudi Arabia and gain access to them," the Foreign Office said. "If we can confirm the sentences, then we will seek possibilities for an appeal of their sentences."

The flooding is inflicted with a thin, four-foot cane administered by an Arabian official who is supposed to hold a copy of the Koran under his arm.

Members of the group were said to have been placed under sentences for an alleged smuggling operation that might have brought them almost \$1 million. Four of the six face public floggings. The Moslem nation bans alcohol.

The British Foreign Office said it would ask Saudi Arabia to confirm the sentences and determine whether they could be appealed.

Elizabeth Drake told the Daily Express that her husband, Peter Drake, 57, had a severe heart attack five years ago and was not likely to survive 600 lashes.

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## Ghana's Programme for Economic Recovery

Since the middle of the nineteen-seventies, there has been glaring evidence of very serious distortions in the Ghana economy. But whereas the causes of the distortions have been analysed ad nauseam, very few concrete steps have been taken to correct them, mainly because successive Governments have lacked the political courage needed to implement economic policies that would be unpopular, at least in the short run.

Thus, when the Provisional National Defence Council (PNDC) took over the reins of administration on December 31, 1981, the economy was plagued, among other things, by a high rate of inflation (caused largely by huge budget deficits created by the Government itself) on unrealistic exchange rate (that discouraged the export sector and promoted profiteering) and severe shortages both of finished goods and raw materials for industry (the results of which were a large demoralised work force and an under-utilised production capacity).

In a radio and television broadcast on December 30, 1982, the PNDC Secretary for Finance and Economic Planning, Dr. Kwesi Botchway, spelled out in stark terms the characteristics of the economy the PNDC had inherited. "There can be no doubt," he said, "that our problems have been greatly aggravated by the pursuit of monetary, fiscal, foreign exchange and pricing policies which systematically destroyed or discouraged local production in agriculture and manufacturing, brought the export sector and thus, our foreign exchange earning capability, to the point of virtual collapse and severely penalised productive efforts, while lavishly rewarding idleness."

Dr. Botchway noted that factories had been set up with "expensive foreign exchange loans," only to be derailed raw materials. It raw materials were imported for them, "low prices for finished products" were forced on them, ostensibly to protect the working people, but in practice, "only to confer windfall gains on corrupt company officials and profiteering middlemen, who through their connections, obtained goods at the official prices and resold them to the very working people for whom the official prices were instituted, at cut-throat prices."

Here are examples of the distressing fiscal policies pursued in the past for fiscal 1981/82, a budget deficit of C4,506.5 million (\$1,638.3 million) was planned. But huge as that deficit was, it had almost been entirely spent half-way through the financial year. At that point in time, the deficit already stood at C3,000 million (\$1,090.9 million). On the basis of expenditure trends, the full financial year would have been likely to record a deficit of the order of C10,000 million (\$3,693.3 million).

The PNDC, however, put on the brakes, and by the time he presented the budget for 1983 in April this year, Dr. Kwesi Botchway was able to announce that the budget deficit for 1981-82 had been reduced by 27.4%. He also reported that revenue collection had gone up by 19.8%. In other words, a modest path had been cut on the road to a balanced budget. The over-riding goal, Dr. Botchway said, was to establish "a sound macro-economic framework covering fiscal and monetary policies" that would create the minimum conditions for economic recovery.

File-Lt. J. J. Rawlings (second from left), Chairman of the ruling Provisional National Defence Council (PNDC), visiting a gold mine at Obuasi.

cocoa trees were burnt down by the bush fires which accompanied the severe drought that has afflicted the country over the past year, will be given cash incentives to replant their crops. Additionally, a more rational policy for making spraying materials for disease control available to farmers is being pursued. Some 20,000 spraying machines are being imported and total supplies of insecticide will amount to 4 million litres this year. It is estimated that with effective control of capsaed-induced cocoa diseases, output should increase by 25% in the first year of the rehabilitation programme, rising to 40% in the second year.

In the timber sector, advice has been sought from the Food and Agriculture Organisation (FAO) of the United Nations as well as the World Bank on steps to be taken towards rehabilitation. An allocation of \$60 million has been made in the import programme for the sector, in the hope that with more machinery and spare parts made available to producers, they can raise production back to 1.6 million cubic metres per annum, the level achieved in 1971. Better utilisation of wood is also being pursued: producers who move from the export of logs into sawn timber and processed wood are being given incentives, and falling of secondary species, rather than prime, is also being encouraged.

### PLANNED GROWTH IN MINING SECTOR

The mining sector provides an even greater challenge to the PNDC's economic recovery programme. Over the last decade, the output of all major minerals has registered tragic declines. Gold production, for example, fell from a level of 893,000 fine ounces in 1970 to 360,000 fine ounces in 1982, a decline in production of nearly 50%. An amount of \$20 million has been made available to the State Gold Mining Corporation to enable it to embark on a crash programme of recruitment of export staff, and rehabilitation of infrastructure. With this injection of much-needed foreign exchange into the Corporation's operations, it is expected that its output will rise from 80,000 fine ounces a year to 120,000 by the end of 1983. A similar increase in bauxite production is planned. Production is currently around 284,000 tons, and this is to go up in stages to a targeted 450,000 tons by 1985. Manganese output, now at 300,000 tons, will similarly go up to 450,000 tons by the end of 1983.

Diamond production has registered one of the worst declines in the mining sector. Whereas Ghana was producing 3.2 million carats of diamonds in 1957-58, production had dropped by over two-thirds to about 1 million carats by 1980-81. Prospecting work has been carried out in the Birim River area, adjacent to the present Akwatia diamond mine, with the assistance of the United Nations Development Programme (UNDP). Proven deposits thrown up by this prospecting are estimated at 20 million carats. The sum of \$14m. has been provided in the 1983 budget for the importation of heavy equipment such as excavators and haulage trucks to enable production to start in the newly-prospectured area. Annual production from the new site is projected at 1.5 million carats, which if realised, would bring total diamond production to 2.5 million carats a year.

### THE MOBILIZATION PROGRAMME

"No-one can develop this country for us but ourselves," says a Chairman of the PNDC, Flight-Lieutenant Jerry Rawlings. Therefore, even though the PNDC's economic recovery programme places much emphasis on increasing production in the industrial and manufacturing sectors, as outlined above, the human factor is not being neglected. A Mobilization Programme is being implemented, under which all groups of people, including professionals, students, workers and farmers, will be mobilized for the production of food for consumption, as well as raw materials for agro-based industries. This, it is hoped, will remove the present problem of unemployment and under-employment from both the public and private sectors. Rural development will be emphasised in order to eliminate the disparities between the developed urban centres and the stagnating rural areas that exist in Ghana and most Third World countries.

The main thrust of the Mobilization Programme is agriculture and support programmes that will use local initiative to develop the whole of the rural areas including the provision of energy, transportation and health, construction of roads, bridges, cottage industries, housing, education, water and sewerage, mobilization of local financial resources and the promotion of healthy entertainment and culture. The Programme envisages the mobilization of all groups of people and all the available resources into a national service scheme. The measures introduced by the PNDC have generated confidence in Ghana's economy and gained the support of many countries and international financial institutions, including the IMF. A number of friendly countries have offered assistance and the Government and people of Ghana appreciate and welcome such friendly gestures. As implicitly put by the Chairman of the PNDC: "Our doors are open. Ghana needs help. We would appreciate the friendship and the assistance of any nation that will respect our rights to realise our own creative potentials. So long as that aid is not designed to tie us down to any situation or any economic philosophy that would subvert our nation, we would accept it."

### INVESTMENT IN AGRO INDUSTRIES

The Budget makes provision both for increased local production of raw materials and food. But it recognizes that in the short term, increases in capacity utilization in agro-based industries can only be achieved by raw material imports. However, in catering for these, care is taken to ensure that the pricing of such imports will be at rates that do not in the long run encourage over-reliance on imports.

To obtain the maximum possible earnings from the export sector, higher prices for selected exports have been announced. Cocoa, timber and mineral exports are all being revitalized through the export bonus system. As regards cocoa in particular, a "New Deal" has been launched by the chairman of the PNDC. Under the scheme, farmers, whose

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By Caryle Murphy

"They live in two worlds," said Robert G. Livingston, a research professor in German studies at Georgetown University's School of Foreign Service. "To see them at cocktail parties is to see two people taking great pains to stand on other sides of room from each other."

West Germany's huge, modern embassy in Washington is staffed by about 150 people. Including the large West German military rep-

Unlike Soviet diplomats, who are under travel restrictions in the United States, the East Germans are free to go anywhere. However, one U.S. official said, "They stick together; they do

level of criminality in this country with people going around shooting presidents. Obviously that doesn't happen in our country."

[In January, East Germany denied a report in

And the ancestors of many who regard themselves as German-Americans came from places in what is now East Germany. However, in this year's U.S.-West German celebrations during

[with] the officials but not [with] the average citizens; of course they are Germans. We know they are close to our ideas, the average person; they watch West German TV."

By Ed Blanche

## INTRODUCTION

**MESSINA, Sicily** — Police arrested 80 people and confiscated 140 million lire (about \$88,000) worth of stolen goods Wednesday in northeastern Sicily as part of a crackdown on organized crime.

He turned state's evidence in return for immunity from prosecution after he was arrested Nov. 21, 1981, and was threatened with a 10-year sentence for carrying a gun. Released 11 months ago after five years in Belfast's Maze prison, he acknowledged, "I couldn't face going inside again."



**The Associated Press**

The change serves to reinforce Prince Makhosetse's selection as successor to the late King Sobhuza II, the observers said. Queen Regent Dzulile had ruled since King Sobhuza's death a year ago.

The change serves to reinforce Prince Makhosetive's selection as successor to the late King Sobhuza II, the observers said. Queen Regent Dzeliwe had ruled since King Sobhuza's death a year ago.

## With Restrictions Lifted, Lines Form Just After Dawn

**The Associated Press**

The crush of applicants ed authorities to send do extra clerks to Warsaw's p offices and to extend v hours late into the evening

A government spokesman, Jerzy Urban, recently denied that Mr. Kuron had been offered exile. "There is no policy of encouraging the political opposition to leave, but we don't make it difficult either," Mr. Urban said.

“My own view is that it would be premature to lift those sanctions,” Mr. Dulles said.

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of support from the nation's other major labor organization, the Confederation of Christian Unions. But that union is not likely to lend a



## SCIENCE

## Coral Reefs Found Dead or Dying in Two Oceans

By Bayard Webster  
New York Times Service

NEW YORK — Corals are dead or dying over vast stretches of the Pacific Ocean and in some areas of the Atlantic, in what may be the most extensive reef devastation in modern times.

For months researchers from Central America to Australia have been seeking reasons for the extermination of the top, living layer of thousands of square miles of coral reefs.

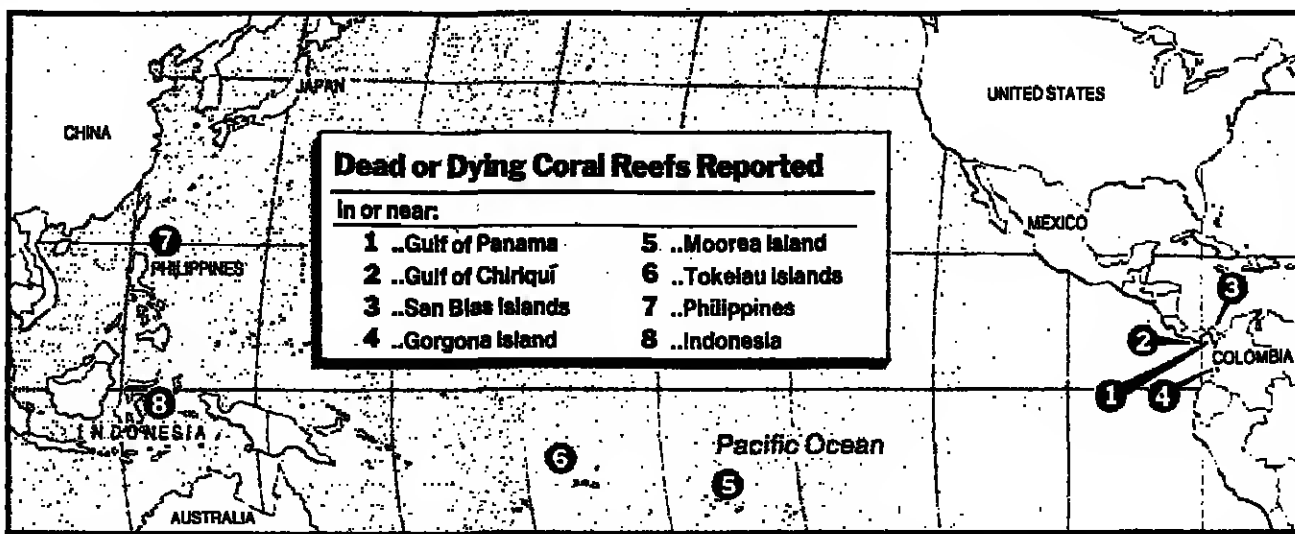
Marine scientists are concerned about the losses because the reefs and the algae they attract provide shelter and feeding grounds for lobsters, fish and smaller creatures. The immense structures also harbor unique organisms, some of which contain beneficial medical substances, and protect coastal areas from waves and storms.

Since March, researchers at the Smithsonian Tropical Research Institute in Balboa, Panama, have located dead or dying reefs in the eastern Pacific off Panama, the Galapagos Islands and Colombia. And they have received numerous reports of dying coral atolls and reefs off the islands of French Polynesia and, further west, off the Philippines and Indonesia. In the Atlantic, reefs have been found dying near the San Blas Islands off the east coast of Panama.

"The situation is very complicated," said Dr. Peter W. Glynn, the Smithsonian research biologist who is coordinating the search for the cause of the reef deaths.

Dr. Glynn said he and other scientists had not reached any conclusion about possible causes. They hypothesize, he said, that a variety of factors, centering on the weather system known as El Niño, have warmed tropical waters to temperatures that the corals cannot tolerate.

Most of the 2,500-odd known species of corals are omnivorous



polyps, invertebrate marine animals about a sixteenth of an inch long, which secrete forms of calcium carbonate, or limestone, around their bodies. Coral colonies, many consisting of more than 20 million polyps, have built enormous underwater reefs at a rate of three feet every 1,000 years.

In a unique symbiotic relationship, the corals attract microscopic algae, known as zooxanthellae, that are incorporated into the limestone structure. The plants receive carbon dioxide from the polyp and it

receives oxygen, carbohydrates and amino acids from the plants. The algae also provide the varied colors that different coral species display.

Because they depend on nutrients from the algae and because the algae need sunlight to exist, corals inhabit what is known as the ocean's photic zone, ranging from the surface to a few hundred feet in depth. And because corals require warm water, they are found in the highest profusion in a 3,400-mile-wide band of the world's oceans encircling the Equator, though a

few hardy species can exist as far north as Norway.

When the corals are in stressful conditions, such as polluted water or water with unusual temperature changes, the algae desert the limestone structures, leaving the polyps to try to exist in a bare, bleached tube. In a few weeks the animals die, and without the living animals to extend and repair the reef, the reef slowly disintegrates.

Though no long-range decline of the world's coral reefs has been observed in modern times, scientists from the National Museum of Natural History in Washington and the New York Aquarium point out that man's increasing encroachment in the marine environment has not helped the reefs' growth. In some varied, small sites, accumulating silt from ocean harbor dredging, toxic runoffs from pesticide-laden streams and rivers, and dumping of sewage have been determined to be the cause of coral mortality.

The only other coral reef loss of major magnitude observed in recent history occurred more than a decade ago. That was when a plague of the Crown-of-Thorns, a two-foot-wide starfish, preying on the polyps, demolished hundreds of square miles of Australia's 1,200-mile-long Great Barrier Reef, as well as considerable portions off Guam, Saipan, Fiji and the western Solomon Islands. The invading starfish have since retreated, for unknown reasons, and the reefs have begun to slowly restore themselves.

Scientists have noted that in a few small spots in the current reef devastation, new corals seem to be growing. The researchers say this may be an indication that these damaged corals, too, may restore themselves in time. But, because the cause of the present destruction remains unknown, the future of the coral reefs is uncertain.

Dr. Glynn, who has studied corals for 25 years, said in telephone interviews that the suspected reasons for the recent coral mortality ranged from toxic pollutants in the sea to an excess of ultraviolet radiation as a result of lower-than-normal cloud cover in the Pacific this spring, to climatic and oceanic aberrations caused by El Niño.

Some dead coral samples from Panamanian reefs were found to contain above-normal amounts of dioxins from herbicides used in Central American cattle-raising areas, Dr. Glynn said, but because reefs also died in many other areas that were not polluted, he and other scientists feel there must be other causes.

They now believe there may be a connection between the reef deaths and El Niño, a cyclical reversal of wind and water currents in the Pacific. The wide range of coral reef

mortality, Dr. Glynn said, came in late winter and early spring, even as the ocean currents and climate were being changed dramatically by what is considered the most severe El Niño manifestation in this century.

He pointed out that while corals do well in ocean temperatures around 80 degrees Fahrenheit (26.7 Centigrade), the recent El Niño raised ocean temperatures to as much as 87 degrees in many parts of the Pacific.

According to Dr. Klaus Wyrtki, an expert on El Niño at the University of Hawaii, corals that are living at temperatures near the upper limit of their tolerance suffer such stress that they perish.

Dr. Glynn said he and others felt that one of the root causes may be the eruption of the El Chicon volcano in Mexico in April 1982. The eruption distributed a huge cloud of dust and volcanic gases that is still traveling in the atmosphere.

They hypothesize that this may have contributed to modifications in the atmospheric circulation patterns in ways still unknown and that the eruption possibly affected, or combined with, El Niño to become a factor in the coral reef deaths.

Unusual events have accompanied reef losses — falling sea levels that have trapped fish in lagoons in coral atolls and loss of other marine organisms, including sea turtles, apparently from unusual sea and air temperatures as well as from lowered sea levels.

The biologist's findings are being published in *Environmental Conservation*, an ecological journal published in Switzerland.

## EPA to Regulate Gene Engineering

By Philip J. Hiltz  
Washington Post Service

WASHINGTON — The Environmental Protection Agency has decided to take over the regulation of the gene-engineering industry, putting several million dollars a year and two dozen staff members into monitoring the fledgling biotechnology industry.

The decision represents a milestone in the history of gene engineering, as it will shift the focus from hypothetical questions and preliminary studies to the introduction of real products.

The EPA "has decided to get ahead of the game for a change," and begin regulating just as products of the new industry are beginning to reach the marketplace, said Don R. Clay, acting assistant administrator for pesticides and toxic substances.

By next year, the EPA expects to have about 25 people working in the area with an annual budget of about \$3 million.

Companies making the first two or three gene-engineered products that might be within EPA's regulatory reach have begun talks with the agency, according to Mr. Clay. But he said he could not be more specific because of trade secrets.

Many believe that biotechnology marketing will be a tangle of lawsuits and countersuits for some years to come. It not only involves hundreds of potentially patentable inventions, but inventions that happen to be living organisms. It has been only in recent years that the courts have said it was possible to patent biological products, including new forms of life.

EPA's move to regulate gene-engineered products will probably be challenged in court, said Thomas O. McGarity, a law professor at the University of Texas, since the law is citing as the basis for its regulation says nothing about biotechnology or new organisms.

It is the Toxic Substances Control Act (TSCA), which governs all "new chemical substances." It is unclear whether the courts will count engineered creatures as "new chemical substances."

EPA lawyers have said the position is defensible, and that the regulators could go ahead. Mr. McGarity, in an article in the current issue of the *Vanderbilt Law Review*, said the EPA arguments are "convincing, albeit risky."

Under the Toxic Substances Control Act, industries are required to notify the EPA every time they make a new substance, are required to keep records on the manufacture of the new substances, can be required to do safety

tests, and are required to notify the EPA if a new product might present a risk. Thus, using the act, the EPA could build and maintain a permanent registry of gene-engineered products and their safety records.

Since many of the products created by gene engineering will still be common pharmaceutical and agricultural chemicals — such as pesticides or hormones like insulin — they will not require special regulation.

But some products, such as microbes engineered to degrade waste in waste-treatment plants, fall into a special category because they are alive. Once introduced into the environment, they cannot be recalled because unlike chemicals and drugs, they live, grow, multiply, and move on their own.

The EPA's primary job in the next year will be to decide how to determine whether a microbe is risky, and how much risk is involved in putting it into the world.

## CURRENTS

## Tests for Male Birth-Control Salve

CLEVELAND (UPI) — A Johns Hopkins University professor says scientists are ready to start human testing of a male birth-control salve. Larry L. Ewing, a reproductive biologist, told a meeting of 800 scientists gathered at Case Western Reserve University to discuss reproduction that he conducted 12 years of research on rats, rabbits and rhesus monkeys and is ready to test his patented combination on human volunteers.

Dr. Ewing said the Federal Food and Drug Administration will study his proposal for two years before allowing the experiments on men. Even if those experiments are successful, it will be several years before the salve is available to the public, he said.

Volunteers will rub a daily dose of the hormone-containing salve onto their stomachs to induce the pituitary gland to suppress sperm production. From his experiments on animals, Dr. Ewing said the hormones, a combination of naturally occurring testosterone and estradiol, appeared to have no effect on the sex drive.

## Gas-Saving Auto Engine Described

RUSSELS (AP) — Alfred Ziemba, a retired construction worker, says he has invented a car engine that is smaller and lighter than conventional engines and uses up to 70 percent less gas. In Mr. Ziemba's engine, the pistons rotate in a chamber around the crankshaft instead of sliding up and down in upright cylinders.

"My engine uses regular gas and can be used in any car," he said of his brainchild, which will be unveiled at the annual Brussels inventors exhibition in December.

## U.S. Smallpox Vaccine to Be Halted

ATLANTA (AP) — The sole U.S. producer of smallpox vaccine has agreed to stop its distribution for general use after the government said smallpox has been eradicated in the United States and the risks of the vaccine are now greater than those of the disease.

The Immunization Practices Advisory Committee of the U.S. Centers for Disease Control had asked Wyeth Laboratories to take the vaccine off the commercial market earlier this year. Wyeth stopped production for general use last year and stopped distribution in May. The CDC said last week in its *Morbidity and Mortality Weekly Report*. The serum is still supplied to the Defense Department, which vaccinates its personnel.

## New Drug Is Approved for Gallstones

WASHINGTON (UPI) — Gallstone victims who are too old or frail to go under the knife, now have a nonsurgical option — a tablet that can dissolve the often painful concretions.

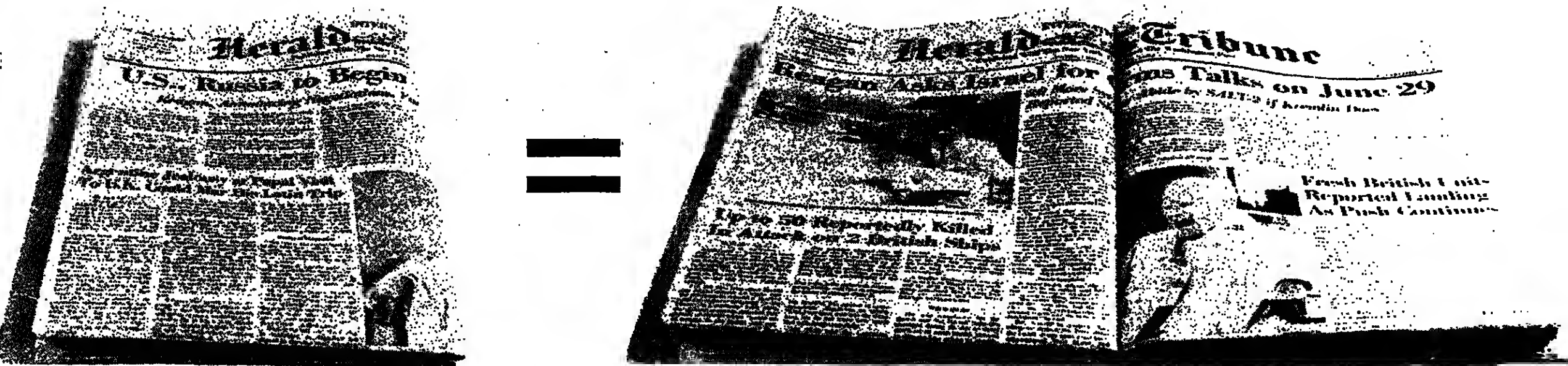
The Food and Drug Administration has approved the drug, called chenodiol, which, it said, studies have found to be 40 percent effective in eliminating gallstones. But the FDA said since the drug may cause mild liver damage and raise blood cholesterol levels by 10 percent, use should be restricted to people who are at high risk for surgery because of age or health.

The FDA said the medication only works with gallstones made of cholesterol, not the 20 percent composed of calcium or bile pigments. It said the drug takes months to dissolve a gallstone.



White unbleached portions of coral bed indicate coral that is dead or dying.

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# INTERNATIONAL Herald Tribune

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## Guatemala's Quick Fix

The coup in Guatemala removes an eccentric president who ruled as if from a pulpit, and puts a paratrooper in his place. The new president, Defense Minister Oscar Mejia Victores, has the backing of the armed forces and possibly of other countries. Just Sunday, he met in Tegucigalpa with the defense chiefs of Honduras and El Salvador as well as officers from the U.S. Southern Command in Panama. In their frustration with the evangelical Efraim Rios Montt, they may have endorsed a quick fix — it has happened before in Guatemala.

General Rios Montt has courted disaster ever since seizing power in March 1982. He put off promised elections and gave choice jobs to co-religionists in the Church of the Word, a tiny California-based sect. While denying dictatorial ambitions, he ridiculed the need for a legislature with an airy "I am the Congress."

He offended human rights with an anti-insurgency campaign that claimed the lives of more than 10,000 people, and he affronted Catholics by executing six opponents despite a plea for clemency from the visiting Pope John Paul. Yet it is also true that his regime was less indiscriminately brutal than his predecessor, a point stressed by his United States apologists.

What most likely caused his downfall was not his insensitivity in human rights but his

style of rule. General Rios Montt had become an embarrassment to the armed forces and the right wing. They want a more predictable regime that can plausibly ask Washington to resume open arms sales, suspended on human rights grounds since 1977.

As always, Guatemala's new rulers talk of honor, nationalism, democracy. History — including Mr. Rios Montt's own broken promises — argue against optimism. With the encouragement of the United States, the armed forces have decreed themselves the welders and judges of power.

That attitude was reinforced in 1954, when the CIA helped topple an elected leftist government in the name of anti-Communism. The coup was advertised as a quick remedy, and indeed brought instant relief to the Eisenhower administration. But it produced neither peace nor democracy. It opened the way for a procession of unstable military tyrannies.

What Guatemala needs now is determined encouragement on a democratic path, not an instant renewal of arms shipments complete with joint maneuvers and new U.S. bases. There is a larger lesson for the United States and it applies to more than Guatemala: A quick fix is never enough.

— THE NEW YORK TIMES.

## Armenian Terrorism

In the crude arithmetic of terrorism, two wrongs make a headline. An indifferent world is reminded of past Turkish crimes against Armenians by a wave of killings morally indistinguishable from the massacres they protest. To that extent, terrorism "works."

But the doctrine of collective guilt is pernicious, whether invoked by governments or gunmen. The slaughter of Turkish diplomats by Armenian guerrillas in 1983 is no more rational or justifiable than the slaughter of Armenians by the Ottoman regime in 1915. Murdering people because of their ethnic identity is a crime against all humanity.

Nothing can excuse the planting of a bomb at a Paris airport, which maimed 55 persons and killed 7. Nor can there be glory or sympathy for the five Armenians who seized the Turkish Embassy in Lisbon, paying with their own lives and killing two innocent as a "sacrifice on the altar of freedom." These are not

political or patriotic but pathological suicides. When modern Turkey refers to "alleged" massacres of Armenians in Turkey during World War I, it ignores a damning abundance of evidence, slanders the dead, and offends a proud and long-frustrated nationalism. That is the valid grievance of Armenians around the world. It is their vigil and humanity that the terrorists now dishonor.

It may say a good deal about the motives of the terrorists that they threaten more bloodshed in France because it dares to detain the Orly suspects. For France has risked Turkey's anger with open expressions of sympathy for past Armenian suffering. The same terrorists cannot find even a hostile word for the Soviet Union, which has repressed, among many peoples, a large Armenian minority.

These few fanatics deserve the contempt of all Armenians and their well-wishers.

— THE NEW YORK TIMES.

## Other Opinion

### Back Habré, Stop Qadhafi

Central Africa has just witnessed one coup — in Upper Volta — by forces believed to be sympathetic to the Libyan leader. Unless more effective help is quickly given to President Habré, Colonel Qadhafi seems destined to make a promising start to fulfilling his ambition of bringing a handful of weak African states under his revolutionary sway.

Apart from providing him with access to scarce oil and mineral resources, a Libyan-backed regime in Chad would also provide him with a useful base from which to plan the subversion of the pro-Western regimes of Egypt and the Sudan.

— The Daily Telegraph (London).

### Law and Order in Sri Lanka

To judge by the tone of the interviews he has given in the past few days, President Jayawardene of Sri Lanka believes that he has succeeded in averting a revolution and nipping a Communist plot in the bud. To the rest of the world the ugly racial confrontation which by official admission cost more than 300 lives looks rather more like a law and order problem that got out of hand.

### Americans to Blame

No one outside Ireland carries more blame for the killings there than the Irish-American community which finances the violence. Now some Irish-Americans are in Belfast. One of them declared the IRA was fighting a legitimate struggle against foreign troops.

A citizen of the country which devastated Vietnam and arms right-wing Latin American dictators against their own people has a nerve to make statements of that kind.

— The Daily Mirror (London).

### Pentagon Price Wars

At the Pentagon, Defense Secretary Caspar W. Weinberger promises that employees who fail to prevent waste will be fired and contractors who overcharge will be sued. At the Justice Department, a new unit has been set up with the specific aim of curbing fraud among Defense Department suppliers. Already this year, 100 firms and individuals known or believed to have cheated the Pentagon have been put on a blacklist, nearly double the number

for all of 1982. All this suggests a certain refreshing vigor in going after rip-off defense contractors. The question now is whether this approach will be sustained.

Last month Weinberger found it necessary to circulate a letter among his top civilian aides and military commanders, raising hell because his highly publicized cost-saving directives had not been very effectively enforced. The secretary found that a lot of "pricing abuses" and "unjustified payments" — i.e., cheating — were still going on, and he made it clear that he wanted every effort made to stop the fraud. Certainly Weinberger means what he says. So has every other defense secretary who has wanted to do something about the swindles that crop up in defense contracting.

Maybe this time around things will be different, if only because the situation has become so demonstrably serious as to affect the very quality of the nation's defenses. Military capability, in other words, has been undermined by illicit profiteering.

That is not only scandalous, it is also criminal. Soaring cheaters to recapture overpayments ought to be only a first step. Where graft has occurred, where payoffs have taken place, there ought to be no non-prosecution as well. Cheating that jeopardizes the national defense is a deadly serious matter, and legal recourse should be just as serious.

— Los Angeles Times.

### Goings on at the World Council

If Jesus Christ is out there somewhere he surely must be rolling his eyes over the goings on at the sixth General Assembly of the World Council of Churches in Vancouver, Canada.

His dismay, we suspect, would not arise from the council's welcome of Buddhists, Jews, Hindus and Moslems to its program, or even the presence of some Canadian aboriginal elders to kick off the assembly by lighting a "sacred fire." Rather, it would stem from the protests by the Reverend Bob Jones Jr. and the Reverend Ian Paisley against such fraternization with non-Christians. And just about any collaboration with Catholics.

These two Righteous Brothers of the 1980s last week led supporters in bemoaning the council's softness on communism and tolerance for cultural and skin-color differences.

— The Newport (Rhode Island) Daily News.

## FROM OUR AUG. 11 PAGES, 75 AND 50 YEARS AGO

### 1908: America Is China's Friend

PARIS — "The question of the Far East? Ah! that is a delicate matter. It is as complicated as a Chinese puzzle." Mr. Li-Sun-Ling, of Hong Kong, thus replied when asked to give some of his impressions on the situation as it pertains to China, Japan, Korea, Manchuria and the relations of these countries with Europe and America. Mr. Li-Sun-Ling is editor of the "Chinese Mail." "Little can be said of the relations between China and America, except that excellent friendships exist. This state of affairs was not brought about by a simple instance. America has shown China that her sole desire is to become her friend, to develop the commercial enterprises of both countries, and that she has no desire for territory."

### 1933: U.S.-French Trade Ties Eased

PARIS — A serious handicap to Franco-American trade has been removed by a decree which restores to a number of U.S. products the tariff rates under which they were admitted to the country prior to the law of July 12 last. Not only were the rates increased at that time, but wherever the United States had enjoyed privileged treatment in the form of intermediary or minimum rates, such treatment was suppressed and general tariff rates substituted. Moreover, a customs order increased the duties on a number of U.S. imports four times over the rates on German products. Charles Loeb, president of the American Chamber of Commerce, said the decree was greatly appreciated by importers of American goods.

# Economic Recovery Demands Big Power Cohesion

By Antonio Badini

The writer, a career diplomat from Italy, participated in the preparation of the economic summit of the top industrial powers.

ROME — The increasing complexity of a world filled with tensions compels Western countries to renew efforts for closer coordination based on equal partnership. Among the possible fields for their joint action, the task of restoring full confidence in free societies' capability to resolve economic crises is certainly of primary importance.

Many experts see little prospect of the world returning to a path of sustained and stable expansion unless the industrial democracies manage to lay down the basis for a coordinated strategy. In this regard an encouraging signal came from the Williamsburg summit with the public display of the seven leading industrial nations resolving to act together to tackle the underlying economic malaise.

Methods and substance are equally important for working out the new strategy.

As to the method, philosophical rigidity must be replaced by a more flexible and conciliatory posture. Too much emphasis in the coordination process of the seven has been recently placed upon doctrinaire approach with disputes frequently arising on ideological ground.

Past experience has given evidence that Keynesian approach is not an all-seasons cure. On the other side, monetarist orthodoxy has proved to be too costly and too risky.

There is no rationale therefore to go all the

way in one direction or the other. Like a ship, the shaping of policy stances, needs continual steering if they are to be internationally coordinated. And just like good helmsmen, governments have to be quick and flexible to keep their countries' economies on course in changing circumstances.

Inflation is certainly the primary concern for many governments but rigid monetary targeting is not the only available means of stopping it. Containment of public spending and lower labor cost are equally important tools. A non-accommodating monetary stance coupled with a prudent fiscal policy could therefore break inflationary spiral without allowing interest rates to reach unbearable levels.

High interest rates drag down the recovery by discouraging investments. The OECD economies have been suffering for the last 10 years from a lack of adequate capital formation. As a result many industrial plants have become obsolete and unprofitable, productivity has declined and unemployment soared too high.

The easing of interest rates, by fostering investment, would make a great contribution to

modernization of industry and hence to competitiveness. More vigorous competition will promote higher employment and higher growth without driving up prices.

For this reason a key ingredient for the economic mix is renewed consideration of supply-side economics, which should not consist only of more deregulation and more tax rebates. To be effective supply-side economics must be part of a real industrial policy aimed at facilitating the necessary adjustments of manufacturing sectors to new market trends. Of course, steering labor and financial resources into predetermined paths of growth should not imply an improper use of subsidies to protect jobs in declining and unprofitable industries.

The international strategy must consist of a package of measures capable of commanding enough support to generate effective common action. For one thing it is imperative to fight the conviction that interests of one country can be better served by unilateral actions rather than through consultation and cooperative efforts.

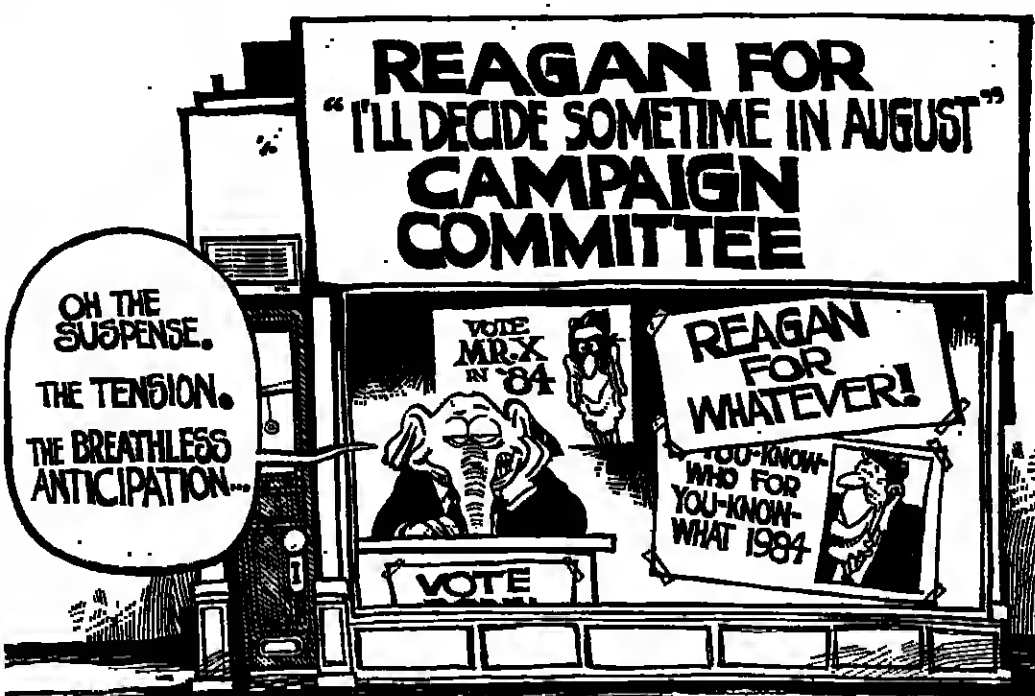
Actions taken by individual countries, too

matter how effectively implemented, could reveal that short-lived, if adequate, solutions are not collectively found for problems arising out of their borders. The international debt threat hanging over the world provides a clear evidence that no country can claim a free hand.

What is needed is a new sense of purpose among the chief democracies to forge new links founded on mutual benefit. Only by pursuing this approach it would be possible to eliminate the potential conflict of current international economic relations. Here it is worth quoting from the statement made by President Reagan at the plenary session of the North Atlantic Council meeting in Bonn on June 10, 1982, when he said: "If we have values worth defending against external threat — and we do — then it would be irresponsible and ultimately tragic if we failed to protect them against a crisis of confidence within our ranks."

What we should do is place a more balanced emphasis on the goals of the alliance which over the years has been excessively conceived as being about military arrangements. Defensive capability and deterrence certainly remain an essential foundation. But economic solidarity must play a growing role if our way of life is to be preserved and prospects of economic growth safeguarded.

International Herald Tribune



## Should Mr. Reagan Lead The U.S. Into the 1980s?

By James Reston

WASHINGTON — President Reagan has almost everybody playing the game about whether he will run for a second term, and he must be having fun watching it. But it is not a game, and it is not very funny.

The main question is not whether he has been a good or bad president, but whether he is already the oldest one in the republic's history, his qualities, good or bad, are what the United States needs in the 1980s.

Winston Churchill was a great wartime leader, probably the most eloquent and heroic of this century. But he was voted out as prime minister at the end of World War II because his warlike qualities were not compatible with the postwar economic and social problems of his people.

Franklin Roosevelt was an effective Depression and wartime president. But he was a casualty of his successful battles when he ran in 1944 and won for a fourth term, and died before it was over.

Maybe these are not fair comparisons, but at least they are fair questions. Often in politics what was indispensable at the beginning becomes intolerable at the end.

It would be hard to deny that many policies of Roosevelt's New Deal and particularly of Lyndon Johnson's Great Society needed correction, and the country is in Mr. Reagan's debt for challenging the assumptions of the past. That is the way the system works. The excesses of the left are modified by the right, and now, though he has been edging toward the middle as the election approaches, Mr. Reagan's ideological assumptions also need to be examined.

In fact, it is generally agreed that no politician in the world today, trying to deal with the complexities of modern economics, has managed to do so on the basis of a strict ideology. This is clearly true of the communists, who are the most spectacular failures in providing for their people. It is true of Prime Minister Thatcher in Britain with her conservative philosophy, and also of President Mitterrand's Socialism in France.

Aside from Mr. Reagan's age — and he looks and acts 10 years younger than his 72 years — are his qualities and his conservative philosophy and conservative comrades: not forgetting the four or five appointments he would likely have the opportunity to make on the Supreme Court if elected for a second term. What is best for the nation? This is what we would like to know.

The pollsters do not ask this question. They concentrate on the past. They ask where he has been rather

than where he is going. They say his popularity has risen as the economy has revived, as if he were responsible for its collapse and its return, neither of which is exactly true.

Yet as Jimmy Carter said of Bert Lance, you have to give him credit. He is playing this game of the won't-be game with alarming skill. He has mobilized all of the other potential Republican candidates, who wait for his decision by day and hear "Hail to the Chief" for themselves in the night. Walter Mondale and John Glenn on the other side do not know what to make of it, which is precisely what Mr. Reagan had in mind.

Vice President George Bush is lying low. He threatens to fire any staffer who suggests he ever thinks of running for president, which of course he thinks about all the time. Howard Baker, the Republican leader of the Senate, is resigning, but is going back in Tennessee with a 50-page campaign strategy just in case — he calls it his 1 percent safety belt — Mr. Reagan decides to pull out.

They all proclaim that the president will run again and will surely win, and they may be right. But they may be kidding themselves. The economy is turning up, but so are the interest rates. The unemployment rate is down a little, but last week the government reported that 15 percent of the American people, or 34 million, were now living below the poverty line.

The Democrats are organizing as never before. They learned in the Chicago mayoral election what can be done when blacks vote.

More than 55 million Americans are eligible to vote but have not registered. Both parties are after them but the Democrats have the edge in this registering business. The AFL-CIO leaders, meeting in Boston, are well aware that the new technology of the late 1980s is going to produce even more unemployment, so they are mounting and financing a major campaign to get their people to the polls — and certainly not to vote for Ronald Reagan.

And there is Reagan, sending his fleet into the Caribbean and his planes into Central Africa, and stumbling through the gender gap, and losing the support not only of women, who are suspicious of handsome actors, but also of the blue-collar workers who helped him last time.

But mainly, he has this problem that though he was right to challenge the assumptions of the past, he has nothing to say about the future, where our children are going to live.

The New York Times

## August Doldrums Seem Impenetrable

By Roland Homet

WASHINGTON — What is going on this August could be best the usual summer retreat — except for its resemblance, politically, to the months that have gone before it. The past year has been a time, for Americans, of evident withdrawal from political responsibility — and the dog days of August are an apt time to consider why.

Certainly it is not because all is well, not even arguably so. To the contrary, on at least three major issues — two international and one domestic — President Reagan has been pursuing policies that are at variance with reality and the national interest. Yet the American people have done little or nothing to express dissent.

There is something disturbing about this languor. According to the Declaration of Independence, our government "derives its just powers from the consent of the governed." That means a president must exert himself to procure our consent, but it also means that we should hold our consent dear, and be prepared to withhold it. Is that not a good description of the case now in Central America? In survey after survey, the American people have manifested that they do not consider this region vital to United States interests and are not enamored of our rightist "clients" there. They want no further expenditure of American political capital on that front.

Yet we now have a commission on Central America, headed by a former secretary of state. Armed exercises are to be paraded, like those of the bully in the schoolyard, to see what justifying responses they may provoke. And Mr. Reagan persists in ignoring the responsible settlement efforts of the Contadora countries — Mexico, Venezuela, Colombia and Panama — who are much better situated than the United States to resolve these matters.

Here at least, one would think, is a set of policies that are so flagrantly wrong-headed, so damaging to the international standing of the United States, that the body politic would make motions toward throwing out those responsible. But the domestic polls, as of the moment, show no such thing.

Such quiescence is not the settled practice of the American electorate. Against Lyndon B. Johnson's Viet-

nam and Richard M. Nixon's Watergate, a vanguard of voters opposed and prevailed. Likewise today, the American people could insist that its strong desire for nuclear arms control not continue to be mocked and rejected as it has been by Mr. Reagan. It could hold the President to account for failing to present the Soviet Union with anything except non-negotiable proposals, for deploying a futile weapons system like the MX, for playing at "Star Wars" and entertaining the fantasy of a winnable nuclear war — in short, for making the world a conspicuously less secure place than when Mr. Reagan took office. Yet, in this case too, the drumbeats of the opposing vanguard are nowhere to be heard.

And so we have a conundrum. There is more than enough occasion and precedent to have started a cascade of opposition that would lead by November 1984 to the certain ouster of the Reagan-Bush Administration and the ostracism of the extreme right. Yet there is virtually no evidence that such upheaval is forthcoming. In fact, the Reagan policies have been imposed one by one and against American interests on a constituency that sits unblinkingly at a frog transfixed.

Why should this be? Is it, as people say, the genial performer we have put up on our national stage? He does seem to know how to make people like him. A smile and a bow — that is fine for the summer theater circuit. And it may have to do for politics in the season when citizens expect to take time off and forget what is going on in politics. Perhaps we should even be grateful for the liberty to be indifferent — to go about our own business, unhampered by an ever-present state or interest ideological politics. We can applaud and chuckle at the talk on stage, and never mind what if anything it may mean.

We can do that, but only for so long. We cannot at the same time claim to be truly self-governing. The indulgence of August will not sustain the process of consent that makes up the business of governance.

The writer, a lawyer, contributed this comment to The New York Times.

## Currencies, Deficits, Rates and Dollars

By Joseph Kraft

WASHINGTON — Official intervention in currency markets last week did little to curb the rise of the U.S. dollar. But that is not the end of the story. On the contrary, the failure of intervention points the accusatory finger even more sharply at the chief culprit in the world economy — the huge federal budget deficits which lie ahead.

American economic interests comprise the most important source of pressure to bring down dollar exchange rates. As the dollar appreciates against the yen and the mark and other currencies, so does the cost of goods sold by American firms abroad. Buyers the world over inevitably switch from American products to goods from Japan and Europe.

Last year, as a result, the United States was in trade deficit by a record \$40 billion. This year the figure seems certain to rise above \$70 billion. Behind those numbers lie staggering losses for many firms, and the foreboding of jobs on a grand scale. According to one calculation, two or three million American jobs have been lost because of the overvalued dollar since mid-1981 alone.

A drumbeat of complaints on that score was heard by President Reagan on July 15 at a private White House lunch for a small number of persons concerned with international economics. The company included Irving Shapiro of Du Pont, Roger Smith of General Motors, Peter Peterson of Lehman Brothers and Lewis Preston of Morgan Guaranty. They argued that in the interests of such basic industries as chemicals, auto and steel, something had to be done to depreciate the dollar against foreign currencies, especially the yen. Secretary of State George P. Shultz and Martin Feldstein, chairman of the

Council of Economic Advisors, expressed interest in those arguments. Opposition was heard only from the Treasury, in the person of Deputy Secretary R. T. McNamara.

Joined to the pressures of the business leaders comes pressure from finance ministers in Europe and Japan. They claim the strong dollar hurts them in two ways. First, the bill they have to pay for oil, which is denominated in dollars, goes up. Secondly, to guard against speculative moves of money from their own currency into dollars, they have to keep interest rates high. The high rates, by diminishing consumer spending and business expansion, work to keep the economy flat in Europe and Japan.

That argument, which was originally pushed hard only by the French, has in recent months acquired strong support in West Germany. So when the big move from the mark to the dollar began 10 days ago, the Treasury, which had opposed intervention as a breach of free market principles, gave way to the combination of domestic and foreign pressures. Beginning on Friday, July 29, the U.S. later joined by the central banks of Germany, Japan, France and Switzerland, moved to support the mark, the yen, the franc and other currencies against the dollar.

To almost no avail. Though an estimated \$2 billion sold on the market, the dollar rose last week up over all major currencies. The failure was no surprise to Treasury officials, who have long argued that the fund of speculative money sloshing back and forth among the various currencies was so huge that even coordinated central bank intervention could not

change the basic drift. But that argument is not the last word.

For the Europeans have long used currency intervention as a code word for a much bigger proposition. They claim, no doubt rightly, the speculation move into the dollar when American interest rates rise. They further assert that rates go higher because of the huge federal deficits in prospect. So the failure to stabilize currency rates by intervention only removes the screen against pressure on this country to reduce the deficits which lie behind the soaring dollar.

At that point, there comes into play a new, and potentially very powerful, lobby. The main burden of international debt is borne by a handful of relatively successful developing countries, including Mexico, Brazil, Venezuela, Argentina and South Korea. Recession combined with high interest rates to force many of these countries close to default.

In return for a stretching out of debts, most have agreed with the IMF on austerity programs to put their economies in the black. But any spurt in interest rates would jeopardize these plans. So major Third World countries, with potent leverage on leading U.S. banks, are sure to add their voices to the chorus calling for reduction of budget deficits.

The chorus will reach high pitch late in September when the finance ministers gather in Washington for the annual meetings of the IMF and the World Bank. If we are lucky, the Congress, and above all the president, will pay attention. For the deficit can be significantly curbed by a small tax increase, and the world would then be spared higher interest rates, an abortive recovery and a deepening international financial crisis.

Los Angeles Times

## LETTERS TO THE EDITOR

### Sri Lankans and History

In response to "A Sinhalese View" (Letters, Aug. 8):

As a journalist, I have been careful not to express opinions about the tragic inability of my fellow countrymen, both Sinhalese and Tamils, to recognize that for good and ill they are now Sri Lankans. I am compelled to break my silence by the extraordinary coincidence of a namesake writing in your columns from Geneva, where I lived until recently.

Without embroiling myself in sterile argument and without entirely disagreeing with my namesake, may I stress my view that history can never be an excuse for bestiality. History is an inherited and usually complex condition with which societies in different time frames have to live.

Where it causes new problems, it is the duty of leaders to guide society toward their resolution. This the leaders of the Sinhalese and Tamils have consistently and seemingly resolutely failed to do. I see little hope that they will do so now.

GAMINI SENEVIRATNE,  
Vienna.

### David and Goliath

Regarding a cartoon by Oliphant (IHT, Aug. 4) depicting Israel as David and a slain Palestinian as Goliath: Your cartoon showing an Israeli

soldier killing a Palestinian teenager is reminiscent of Der Stürmer, the Nazi newspaper. Only the crooked nose is missing.

The West Bank was taken from us during a period of Jewish defenselessness. That time is gone, and we claim what is rightfully ours.

ARNO HERZBERG,  
New York.

Your Aug. 4 editorial page was mostly a "down with Israel" page, but I enjoyed the cartoon. For generations the little guy on the ground was a Jew. I much prefer the version drawn by Oliphant. It was a long time coming — 2,000 years!

SAMUEL BLAIR,  
Chernex, Switzerland.

### Small Countries' Role

As a European it is my firm conviction, that medium and smaller sized countries are considerably more internationally oriented than larger nations. We find it natural to spend many years studying foreign languages, and cultures.

We find it natural to consider foreign points of view and work towards compromises and our foreign policies are not hampered by attempts to dominate Europe either through language, culture, economic or defense policies. The role of countries, like mine the Netherlands, in cementing European nations into a multi-lingual, multi-cultural, yet united Europe, is considerable.

The role we play in formulating and executing European foreign policy — especially in relations with developing countries — is in my opinion constructive and effective by any standards.

IR. THAM. BOERS,  
Midreshet Sede Boyer, Israel.

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S.A. as capital of 1,200,000 F. RCS number: P 3320212. Commerce Paritaire No. 342131.  
U.S. subscription: \$390 yearly. Second class postage paid at Long Island City, N.Y. 11101.  
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## WALL STREET WATCH

By Edward Rohrbach

### How Far the Stock Market Will Fall Is Subject That Is Gripping Analysts

How high is up? That topic, which has titillated Wall Street for almost a year, suddenly has been replaced by a less engaging but certainly more gripping question: How far is down?

Jack L. Solomon, chief technical analyst at Thomson McKinnon, who back in March predicted the Dow Jones industrials would stall at the 1,245-1,260 level—exactly where it did, twice, in June and July—now expects those highs will hold for several months.

"On the downside the market has already given up 100 points," he noted. "I don't think the correction has another 100 to go."

Very short term, Mr. Solomon believes a "sharp technical rebound" will take the average back to the 1,200-1,220 area, then begin sinking again, perhaps as low as 1,130 or even 1,080.

"In the low 1,100s, investors should start looking to the buy side," he said. "The market should consolidate there and some issues will begin showing selective strength."

At that level he thinks the computer software, semiconductor and communications equipment stocks will look particularly attractive. "At the first sign interest rates are easing," Mr. Solomon recommends savings and loans, homebuilding, insurance and bank stocks.

But at present the only groups he feels "comfortable with" are fertilizers, oil service and off-shore drilling because of their "low vulnerability."

Nor is Newton Zinder, a top market analyst at E.F. Hutton, particularly worried that the current correction will become a full retreat. His guess for the bottom is the lower half of the 1,100s.

"But at best I see a lengthy sideways consolidation ahead for the market," he said. "And it could last for several months."

As Wall Street stabilizes, Mr. Zinder advises investors to focus buying in the disinflation and consumer cyclical areas, notably autos and retailing stocks. The hardest-hit issues in the health-care and technology sectors will also deserve a look then, he said.

"Right now the big negative for the market is the interest rate picture," he observed. "It's caused concern over the longevity of the economic recovery and has put bonds in competition with stocks. Bond yields are at their highest levels since equities in a year and a half. There's going to have to be a sustainable bond rally before the bull market in stocks resumes."

Alan R. Shaw, chief market analyst for Smith Barney, warns this week's plunge below 1,180 on the Dow could generate a "short but none too sweet" follow-through to 1,100-1,125 "or possibly even the 1,050 level."

Noting that recent trading action shows "how quickly the bear can act," he added: "The short-term trend remains definitely negative and investors should remain braced for another two to four weeks of a vulnerable market."

Mr. Shaw sympathizes with those who are fully invested, hoping that "one last rally might allow them to sell into strength." For investors who have managed to raise cash, he advises caution and waiting until the "technical underpinnings of the market show signs of strengthening."

Aldines, Smith Barney's "favorite group for the year," still show further promise despite gains already registered he added. Prime recommendations are Northwest, Trans World, UAL and USAir. Among the regions: Southwest and Piedmont.

**Influence of Bond Rally**  
"Bull market corrections typically are sharp and scary," said Robert Farrell, top market analyst at Merrill Lynch, who is predicting the current drop will be about 10 percent, or to the low 1,100s.

So far in this pullback, however, he has not seen traders suddenly turning bearish and running to the sidelines. "Margin accounts have been solders one day and bargain hunters the next," he said. Therefore, he is inclined toward the "second type" of bull market correction where stocks fall in two gradual steps with a recovery sandwiched between the decline phases.

Right now, Mr. Farrell thinks the market is in the late stages of the first step. On further weakness he advises buying interest-sensitive growth issues and some basic cyclical.

"In the former would be depressed or lagged building, bank and utility issues. In the aggressive growth area it would be selected computer and hospital management issues. In the basic industrials we see improvement in some chemicals, metals, fertilizer, agricultural and energy issues."

Mr. Farrell agrees that "the next rally in stocks should be influenced by the next rally in bonds."

Value Line's "stock of the week" is New Process Co., a leader in mail-order marketing of low-priced men's and women's wear and home furnishings. Through 1983's first half the company achieved a 130 percent year-to-year profit gain, propelling the stock four-fold since last summer.

## A Time of Testing for Reagan's Policies

### White House Bets on Rate Decline, But Some in Party Fear Otherwise

By Jonathan Fierbringer

New York Times Service

WASHINGTON — August was the crucial for administration economic policy in 1981 and 1982, and it will be again in this third year of Ronald Reagan's presidency.

It is a test by interest rates and federal budget deficits. The question is whether interest rates will continue to rise and, if they do, whether they can force the president to make another adjustment to his economic policy — notably by agreeing to tax increases that would take effect in the future.

As in 1981, deciding what to do has split the administration and has created differences between the White House and some senior Republicans in Congress.

Mr. Reagan and his Treasury secretary, Donald T. Regan, are

#### NEWS ANALYSIS

betting that interest rates will decline before the end of this year, and they assign to the Federal Reserve the chief responsibility for winning this bet.

They are also gambling that the U.S. economy will grow faster than predicted by the White House. This would increase tax revenues, helping to shrink budget deficits and thus putting off the need for congressional action on tax increases until after the 1984 election.

Mr. Regan contends that interest rates will come down in the summer when the Federal Reserve succeeds in bringing the basic money supply back to its target growth range. He contends this can occur even if Congress refuses, as it has so far, to make all the spending reductions called for in the congressional budget resolution for fiscal 1984, which begins Oct. 1.

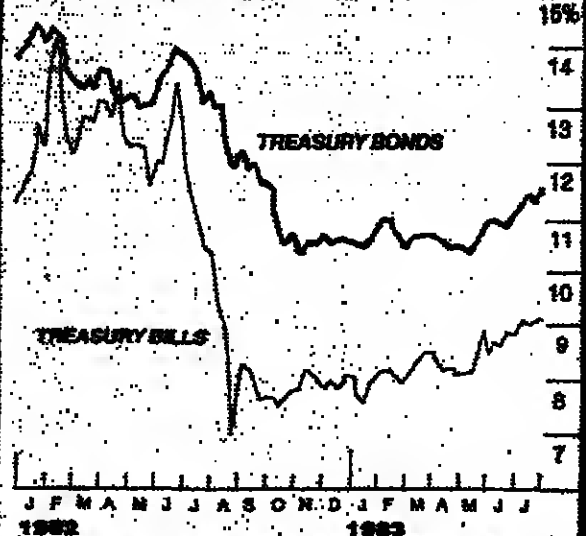
The Federal Reserve's efforts to slow the growth of the money supply have been pushing up interest rates for some weeks. "This is clearly temporary, and we expect it to be temporary," the secretary said in commenting on Monday's increase by banks in their prime rate to 11 percent from 10 1/2 percent. Banks use the prime rate as the basis for setting the range of interest rates they charge on loans to various customers, from corporations to home buyers.

"If the money supply lessens and remains under control and grows within targets, rates will be down at the end of the year," Mr. Regan added.

The Treasury secretary's trust in the Fed to slow the money

### Movement of Long- and Short-Term Rates

Average weekly market yields for Treasury bonds and Treasury bills, in percent



Sources: The Federal Reserve Bank of St. Louis, Salomon Brothers

supply's growth is one of the reasons for the absence of criticism of the central bank from an administration that just recently was pressuring it not to push interest rates up.

Mr. Regan, aides said, also has advised the president not to negotiate with Congress on a special budget package, as he did in the spring of 1982 with the so-called Gang of 17. The secretary is worried that this would only mean a tax increase without major reductions in spending.

And while the administration officially still backs the president's

(Continued on Page 9, Col.3)

## Dollar Climbs As Intervention Appears to Ebb

NEW YORK — The dollar plowed easily through the 2.72-Deutsche mark level Wednesday as West Germany signaled that it would not take any major steps to bolster its currency.

Foreign-exchange dealers said there was growing sentiment that central banks were slackening their intervention efforts.

At the end of the day in New York, the dollar was quoted at 2.7255 Deutsche marks, up from 2.6935 on Tuesday, despite suspected Federal Reserve intervention, dealers said. The Fed intervention was not believed to be very aggressive.

The dollar also rose in New York to 8.1875 French francs from Tuesday's 8.1050. The U.S. currency climbed to 2.1935 Swiss francs from 2.1810 the day before. The British pound eased to \$1.4837 from Tuesday's \$1.4908.

Trading in Europe had opened with strong support for the dollar following a surge in the Far East on remarks by Bundesbank President Carl Otto Pöhl, who suggested that no dramatic action would be taken by the central to curb the U.S. currency.

After pausing in the morning, the dollar resumed its seemingly relentless rise. A Frankfurt fix of 2.7120 DM, the dollar's highest since mid-February 1974, was followed by trading at over 2.72 DM in mid-afternoon.

Mr. Pöhl's comments in a television interview Tuesday night suggested the Bundesbank would not raise West German interest rates, which would have dampened some of the dollar's attractiveness to investors.

Lingering suspicions that West Germany might raise interest rates were almost dispelled with Wednesday's news that the Bundesbank Council will not hold a press conference, its traditional forum for announcing such moves, after its meeting Thursday.

In Brussels, the dollar was fixed at a record 54.3675 convertible Belgian francs, up from 53.8250 Tuesday. In Paris, the dollar was fixed at 8.1690 francs, the third record in four business days.

Leading central banks, with the exception of the Bank of England, have sold hundreds of millions of dollars in the past few days in an attempt to stem the dollar's rise and protect their own currencies.

Among the auto, General Motors gained 1 1/2 to 68 1/2, Ford 1 1/2 to 26 1/2 and Chrysler 1 1/2 to 26 1/2.



Carl Otto Pöhl

maintained firm, however, and was boosted when major U.S. banks raised their prime rate 11 percent from 10 1/2 percent on Monday.

The Bundesbank sold \$35 million at the Frankfurt fixing, a modest amount in comparison with last week. Neither was the bank particularly noticeable in the open market either, dealers said, although it may have been a sporadic seller when the dollar first broke past 2.71 DM in early trading.

#### Bonn Aide Sees Upturn

A government economist said Wednesday that the West German economy will expand by nearly 1 percent this year and the growth rate will accelerate in 1984. The Associated Press reported from Bonn.

Otto Schlecht, the economics ministry's chief economist, said the gross national product rose at an annual rate of nearly 2.5 percent to the first half of this year. He added that he expected the growth rate to be somewhat slower in the second half.

Mr. Schlecht said the economy's "altogether clear uptrend" was based on a revival of private demand for consumer and capital goods as well as a pickup in the building industry.

West German industrial production has increased 4.5 percent from the low point of last fall, he said, and retail sales are up 3.5 percent from the fourth quarter of 1982.

## Blue-Chips Lead NYSE Prices Up Again

United Press International

NEW YORK — Blue-chip issues rose for the second consecutive session Wednesday as New York Stock Exchange prices rebounded from a lengthy slump with the help of a soothing forecast on interest rates.

Exxon, General Motors and Merrill Lynch recovered from recent drubbings. But Digital Equipment came under fire after reporting lower earnings.

The Dow Jones industrial average, down nearly six points at the outset after rising 5.21 Tuesday, finished up 7.71 at 1,175.98. It had plunged 80.63 points over the past two weeks, including 20.23 Monday.

The New York Stock Exchange index index gained 0.77 to 93.30 and the price of an average share increased 29 cents. Standard &

Poor's 500-stock index rose 1.41 to 161.54. Advances topped declines 9 to 5. Volume totaled 82.9 million shares, up slightly from 81.4 million Tuesday.

"The volume has been light in the recent pullback and that's a very good sign," said Ricky Harrington of Interstate Securities, Charlotte, North Carolina. "The pullback still looks like it has a long slide. I think we'll see another retreat and then there will be some buying opportunities next week."

Harry Laubscher, Patne Webber vice president, said Wednesday's rally "was a bounce back from the long slide. I think we'll see another retreat and then there will be some buying opportunities next week."

Robert Sinche, a Bear Stearns economist, said that traders when he predicted that 30-year Treasury bonds would decline to 10 1/2 percent and the federal funds

rate to 8 1/2 percent by the year's end.

Mr. Sinche said the Federal Reserve's credit tightening policies since May would bring money supply growth to within Fed targets by late September or early October.

In the news background, the government reported that July retail sales were down less than 0.1 percent following a revised 0.3-percent increase in June.

Composite volume of NYSE issues listed on all U.S. exchanges and over the counter at the close of trading totaled 95.6 million shares, compared with 91.4 million Tuesday.

The American Stock Exchange index jumped 1.24 to 227.77 and the price of a share rose nine cents. Advances topped declines 3 to 2. Volume totaled 6.5 million shares, down from 7 million Tuesday. The

## Retail Sales in the U.S. Were About Flat in July

United Press International

WASHINGTON — Despite the latest tax cut, U.S. retail sales showed virtually no change in July, registering a decline of 0.03 percent after four months of improvement, the Commerce Department said Wednesday.

The overall trend was set by automobile sales, which reported a 1 percent drop in July sales after several months of increases.

Total sales for July were \$98.66 billion after seasonal adjustment, the department said, down slightly from June's \$98.69 billion sales level.

The latest report also took some of the strength out of June's sales, revising the increase to 0.3 percent instead of the initially reported 0.7 percent.

The latest 10-percent cut in federal income taxes showed up as tax savings when withholding rates dropped July 1.

Economists agree the pace of the recovery at this stage depends

mostly on increases in consumer spending, all of which are not necessarily reflected in the retail sales report.

There were signs that many consumers were forced by the heat wave to divert some of their spending to higher electricity bills for air conditioning, one government economist said.

The savings from the tax cut were largely wiped out by this year's absence of an annual cost-of-living increase for Social Security recipients, which Congress put off from July until January, part of the rescue plan for the system that took effect earlier this year.

In addition, "Everybody knew it (the tax cut) was coming and a lot of people spent it before they got it," Theodore Torda, a Commerce Department senior economist, said.

When such expenditures as electricity are added, U.S. personal spending may have increased rather than declined in July, Mr. Torda indicated.

## CAB Moves to Regulate Airline Booking Systems

The Associated Press

WASHINGTON — The Civil Aeronautics Board took the first step Wednesday toward regulating airline reservations systems so that a few major companies cannot control the computerized service.

By a 4-0 vote, the board instructed its staff to prepare a notice of proposed rulemaking, which officials said was likely to be issued within three weeks. The CAB chairman, Dan McKinnon, told the board he hoped the rulemaking process would lead to final adoption of a regulation by January or February.

Many airlines, particularly smaller ones unable to establish their own systems, have complained to the CAB that anti-competitive biases are built into American Airlines' Sabre computer reservation system and United Airlines' Apollo system. The Justice Department has begun an investigation into similar allegations.

American's system is installed in about 41 percent of the travel agencies that use computerized systems, while United's has about 39 percent.

The rest of the market is divided among a number of smaller systems.

Susan Jollie, the CAB's associate general counsel, said a key issue was whether airlines such as United and American gained an unfair advantage by having their own flights displayed first on a computer terminal when a travel agent is booking reservations for a route served by other carriers.

Further issues to be addressed by the board, she said, include costs for smaller airlines to gain access to the major reservation systems and the confidentiality of travel agents' marketing data compiled by the computer systems.

While some smaller carriers had urged immediate action by the CAB, board members said they agreed with their staff that issuing a notice was preferable, to allow time for comment on the technical issues involved.

After the advance notice has been issued, the airlines and public will have 45 days to file comments with the CAB.

All of these securities having been sold, this announcement appears as a matter of record only.

**B-D Black & Decker.**  
4,500,000 Shares

**The Black and Decker Manufacturing Company**  
Common Stock

Lehman Brothers Kuhn Loeb  
Alex. Brown & Sons

Bear, Stearns & Co. The First Boston Corporation A. G. Becker Paribas  
Blyth Eastman Paine Webber Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette  
Drexel Burnham Lambert Goldman, Sachs & Co. Hambrecht & Quist  
E. F. Hutton & Company Inc. Kidder, Peabody & Co. Lazard Frères & Co.  
Merrill Lynch Capital Markets Prudential-Bache L. F. Rothschild, Unterberg, Towbin  
Salomon Brothers Inc. Shearson/American Express Inc.  
Smith Barney, Harris Upham & Co. Wertheim & Co., Inc. Dean Witter Reynolds Inc.  
Rothschild Inc. ABD Securities Corporation Arnhold and S. Bleichroeder, Inc.  
Atlantic Capital Basle Securities Corporation EuroPartners Securities Corporation  
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The Nikko Securities Co. Nomura Securities International, Inc.  
Yamaichi International (America), Inc. Nippon Kangyo Kakumaru International, Inc.  
Sanyo Securities America Inc.

Banque de Paris et des Pays-Bas (Suisse) S.A. Geneva Barclays Bank Group  
Cazenove Inc. County Bank Limited Crédit Commercial de France  
Samuel Montagu & Co. Morgan Grenfell & Co. Limited Norddeutsche Landesbank  
Orion Royal Bank Limited Pierson, Holding, Rijkman N.V.  
Laurence, Prust & Co. S. G. Warburg & Co. Ltd.

August 3, 1983







## BUSINESS BRIEFS

## Israeli Central Bank Devalues Shekel Against Dollar to 57.13 From 53.14

TEL AVIV (Combine Dispatches) — The Bank of Israel devalued the shekel Wednesday, setting a floating exchange rate of 57.13 shekels to the U.S. dollar, from 53.14. The bank said the move was intended to close the gap between the shekel and foreign currencies and adjust for the dollar's strength.

The bank said the shekel was devalued by 7.5 percent but private calculations using International Monetary Fund methods showed an effective devaluation of 6.98 percent against the dollar. The bank has yet to announce the new rates against other foreign currencies.

Since October the government has slowed the rate of devaluation in an effort to contain inflation, which last year reached 131.5 percent. A bank spokeswoman said the shekel dropped 51 percent against the dollar and 44 percent against major European currencies from January to July, while inflation rose 60 percent in that period and is expected to reach 125 percent this year.

## Dutch Bank Reimposes Surcharge

AMSTERDAM (Reuters) — Amsterdam-Rotterdam Bank is imposing a half-percent surcharge on credits and overdrafts, starting Thursday, following a rise in money market rates, the bank said Wednesday.

The action replaces a surcharge that was removed June 22. Other Dutch banks will almost certainly follow the move, analysts said. In some respects, the surcharge is an alternative to, and a more flexible measure than, a rise in official rates by the central bank.

## Jardine Sells 60% of Lombard Group

HONG KONG (Reuters) — Jardine, Matheson & Co. has sold a 60-percent stake in its wholly owned Lombard Insurance Group subsidiary to a U.S. insurance company, Continental Corp., Jardine said Wednesday in a statement.

Continental will pay 130 million Hong Kong dollars (\$17.4 million) in cash for half the shares and will acquire the other half in exchange for its underwriting interests in the Asia-Pacific region, a company spokesman said. Jardine will continue to act as general manager of Lombard.

## BP Shares Up on Brokers' Forecast

LONDON (Reuters) — British Petroleum Co. shares closed Wednesday at 428 pence, up 10 pence since Tuesday, after the brokers Wood MacKenzie issued an increased second-quarter earnings forecast for BP, dealers said.

A Wood, MacKenzie spokesman said second-quarter net income, due to be published Sept. 1, should amount to £200 million, up £50 million from the previous forecast. Net income in the second quarter of fiscal 1982 was £160 million.

Wood, MacKenzie also raised its second-quarter forecast for Royal Dutch/Shell, whose results are due Thursday. Net income is projected at £325 million, up £50 million from the previous forecast and £380 million a year earlier.

## U.S. Expected to Turn Down Chrysler

DETROIT (AP) — The Chrysler Loan Guarantee Board does not plan to reconsider selling its warrants for Chrysler Corp. stock, and will tell the company so in a letter, probably late this week, according to a government source.

Chrysler Chairman Lee Iacocca wrote the board last week asking that it postpone its sale of the 14.4 million warrants until a congressional hearing on the matter could be held. The source said Tuesday that the board might announce the procedures for its warrants action by next week.

## Trouble Reported for Brazilian Sale

NEW YORK (Reuters) — The Brazilian Sugar and Alcohol Institute sold up to 600,000 metric tons of raw sugar for forward shipment to four international trading houses recently, but there is talk that the deal may not be concluded because of financing problems, sugar traders said Wednesday.

They said the trading houses, which include three leading French firms, might be having trouble persuading banks to lend them money for the deal, estimated at up to \$150 million. The sources said that 90 percent of the sugar was subject to the houses' ability to obtain financing.

## Merrill Lynch Sets Note Issue

NEW YORK — Merrill Lynch said it is issuing a \$200-million, eight-year floating rate note priced at par with interest rate set weekly 60 basis points above the 91-day Treasury bill auction rate.

The notes may be redeemed by Merrill Lynch at the option of holders in August 1985 and August 1988. Merrill Lynch may reset the interest by adjusting the spread after the second and fifth years.

Merrill Lynch Capital Markets is the lead underwriter. The issue was being offered starting Wednesday, Merrill Lynch said.

## \$5-Billion Credit Need for Nigeria Gas Project Seen

By Parti Waldmeir

LONDON — Partners in Nigeria's proposed \$7-billion Bonny liquefied natural gas complex plan to seek about \$5 billion in commercial credits late next year, a quarter of it in syndicated Eurocredits, industry sources said Wednesday.

Planned capacity has been halved and projected costs cut after an earlier project, which had been expected to cost \$12 billion to \$15 billion at 1980 prices, was shelved in February after two of the original venture partners pulled out.

The scaled-down project approved by the Nigerian government in June will produce just under a billion cubic feet of LNG a

day when it starts operating in 1990, the sources said.

They noted that the Nigerian National Petroleum Corp., the majority partner in the project, is still discussing the corporate structure of the venture company with other potential partners: Shell, Elf-Aquitaine and Agip.

Although funding plans remain in the initial stages, the venture partners are expected to provide as much as \$2 billion of the total capital costs of \$7 billion.

Nigeria aims to sell gas from the Bonny complex primarily to Western Europe. Exports to the United States are also a possibility, depending on whether studies of LNG demand show a market for Nigerian gas there in the 1990s.

The sources noted that Nigeria was determined to secure long-term sales contracts to cover 100 percent of planned production before construction of the project begins in 1985. No decision on a price for contracted gas is expected until Nigeria has chosen a project operator — expected to be either Shell or Elf — and until the question of equity participation in the venture company has been resolved.

While Nigeria recognizes that it will have to price Bonny gas competitively in order to lure West European customers, the government's desire to safeguard rates of return on the project will limit the scope of any plan to offer discounts against prices set by Western Europe's other suppliers, the sources noted.

Bankers and industry analysts expressed some scepticism about this revival of a project that has been languishing on the drawing board for a number of years.

"Bonny has a very checkered history," said a banker involved in the earlier project. "I'll believe it's really happening when they actually come to us for the money."

But most analysts agreed that the reduced size of the project, together with the decision to aim for the West European market, should greatly improve the project's chances.

According to figures presented by Shell International Gas Ltd.'s director, Malcolm Peebles, to an LNG conference in May, an expected shortfall in gas supplies for Western Europe starting in the ear-

ly 1990s should allow scope for two to four new LNG projects about the size of Bonny during the next decade.

"There will definitely be a niche, which Nigeria may be able to fill," said analyst Mehdi Varzi at the brokerage Grieson Grant and Co. "But the size of the niche will depend on European willingness to limit imports of gas from the Soviet Union."

Most analysts said that security of supply will be one of a number of critical issues, with timing and price also crucial. Industry sources note that Nigeria believes that additional Soviet gas, along with possible supplies from Qatar and Cameroon, pose the gravest threat to its bid to act as incremental supplier to the European market.

Analysts said the timing of the expected West European supply gap, which might not emerge until 1995, would be crucial to Nigeria's plans.

## Reagan Administration Wagering on Decline in Interest Rates

(Continued from Page 7)

plan for standby tax increases effective Oct. 1, 1985, Mr. Reagan has put the proposal on hold and does not want to approve any tax increase this year, especially, he says, since Congress has not approved spending reductions along the lines the president has requested.

But Martin S. Feldstein, chairman of the president's Council of Economic Advisors, as well as Paul A. Volcker, chairman of the Federal Reserve Board, and some important Republican congressional leaders, including Senators Robert J. Dole of Kansas and Pete V. Domenici of New Mexico, are betting that the projected deficits could force interest rates higher as the recovery moves along and eventually could have a serious impact on the outlook for the economy.

Mr. Dole, in a Senate speech last week, blamed Congress for not acting to reduce spending, but he blamed the president for a lack of leadership. "It will take the president to spark this thing," Mr. Dole said, calling for a summit-type solution

that would bring Congress and the administration together on spending cuts and tax increases.

In August 1981, the policy makers who were worried about the deficits went out. After approval of the president's three-year tax cut and his budget reductions, interest rates rose that month along with the deficit projections. Congress returned from its summer recess in a panic.

The administration then responded with a September package of additional spending reductions, which Congress ignored, and some small tax increases. The concern about deficits carried into 1982. As the recession dragged on and interest rates remained high, the deficits became the impetus behind the 1982 tax increase of \$99 billion over three years.

Last August, the test went the president's way, with the easing by the Federal Reserve opening the door to a steep decline in interest rates and a sharp rally in the stock market.

Now, in Mr. Reagan's third August as president, interest rates are

up, the stock market has dropped sharply in the last two weeks and the Treasury secretary already is gearing up to oppose a tax push in the autumn. He is ready to argue against "tinkering and tampering," aides say.

Those who worry about the federal deficits contend that the atmosphere is already changing. One official, who asked not to be named, said: "Interest rates are

helping the cause. People are getting nervous."

According to the president's advisers, Congress will have to agree to make further spending reductions if there is to be any chance for presidential support of a tax increase. "Right now, if I had to bet money," said a top official, "if Congress shows no more willingness to cut spending, there will be no tax increase."

Weekly net asset value

Tokyo Pacific Holdings N.V.

on August 8, 1983: U.S. \$104.18.

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heiding &amp; Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

## BANCO CENTRAL DE RESERVA DE EL SALVADOR

Floating rate bonds 1978-1983 of U.S. \$1,000

## GENERAL REDEMPTION

The holders of debentures floating rate 1978-1983 of U.S. \$1,000 are informed that all the outstanding bonds will be redeemed at the final due of October 14, 1983 at the Offices of the following establishments:

- BANQUE NATIONALE DE PARIS (PARIS).
- BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.
- BANQUE INTERNATIONALE A LUXEMBOURG (LUXEMBOURG).
- MERRILL LYNCH INTERNATIONAL BANK LIMITED (LONDON).
- FRENCH-AMERICAN BANKING CORPORATION (NEW YORK).

## Investing in the oil and gas industry through Viking Resources International N.V.

Listed on the Amsterdam Stock Exchange.

The quarterly report as of 30th June 1983 has been published and may be obtained from:

Pierson, Heiding &amp; Pierson N.V. Herengracht 214, Amsterdam.

## Gold Options (prices in \$'s)

Month	Aug	Nov	Feb
410	675.65	—	—
420	675.125	1300.00	—
430	—	710.00	16.50
440	—	675.65	12.00
450	—	710.00	10.00
460	—	1100.00	4.50

Gold 4750-4900

## Valuers White Weld S.A.

1211 Geneva 4, Switzerland

Tel. 310251 - Telex 28345

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## AOPEC Meeting Ends in Failure on Iraq-Syria Dispute

The Associated Press

TAIF, Saudi Arabia — The 10-nation Organization of Arab Petroleum Exporting Countries ended a ministerial meeting Wednesday after failing to resolve a dispute between Iraq and Syria over the suspended Kirkuk-Banias oil pipeline.

The official Saudi Press Agency said the ministers declared the sessions over only two hours after Saudi Arabia's oil minister, Sheikh Ahmed Zaki Yamani, opened discussions.

The United Arab Emirates oil minister, Mansour bin Zayed, said that the meeting had covered all topics on the agenda and that the ministers had "endorsed" procedural statutes of the AOPEC judiciary body. He added that the Syrian delegation voiced certain undisclosed reservations on the statutes. He did not elaborate.

The judiciary body was to examine an Iraqi complaint against Syria, which had closed an oil pipeline running through its territory from northern Iraqi oilfields.

The meeting was attended by the oil ministers of Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Libya, Iraq, Bahrain, Tunisia, Algeria and Syria.

## Japan Group Wins Thai Job

Reuters

TOKYO — A Japanese group won a 15.7-billion-yen (\$64.1-million) order from the Telephone Organization of Thailand to improve the telephone network throughout Thailand by installing a digital microwave system, Mitsui & Co., the main contractor, said. NEC Corp. is to supply equipment and Denki Kogyo Co. is to build about 700 microwave sites and 574 steel towers by late 1986, Mitsui said.

## ADVERTISEMENT

## Schlumberger

The undersigned announces that as from 16th August 1983 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div. no. 39 of the Certificaten Schlumberger Ltd., npr. 5 shares of common stock of 1381, par value and npr. 100 shares of common stock of 1981, par value, will be payable with Dfls. 3.55 net per Certificate npr. 5 shares and with Dfls. 71 net per Certificate npr. 100 shares. (Div. per share due 15.11.1983, 1.58.21 per share). The dividend distribution is not subject to tax-withholding at source. ADMINISTRATEUR VAN DE BANQUE DE PARIS ET DES PAYS-BAS S.V. Amsterdam, 3rd August 1983.

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offer is made only by the Prospectus.

August 4, 1983

## InSci

## Information Science Incorporated

1,482,000 Shares

Common Stock

Price \$17 Per Share

Copies of the Prospectus may be obtained from the undersigned only in States where the undersigned may legally offer these securities in compliance with the securities laws thereof.

F. EBERSTADT &amp; CO., INC.

BEAR, STEARNS &amp; CO. THE FIRST BOSTON CORPORATION

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## GLOBAL NATURAL RESOURCES PLC

## All Holders of Share Warrants to Bearer

Notice is hereby given that a Scheme of Arrangement has become effective providing for the exchange of share warrants to bearer representing bearer shares ("UK Shares") of Global Natural Resources PLC ("Global-UK") for registered shares ("US Shares") of Global Natural Resources Inc. ("Global-US").

A Scheme of Arrangement dated 17th May 1983 providing, among other things, for the exchange of UK Shares for US Shares became effective on 29th July 1983. Pursuant to the Scheme of Arrangement, the issued and outstanding shares of Global-UK including the UK Shares have been cancelled. They entitle the holders only to obtain US Shares in exchange for their UK Shares, and have otherwise ceased to have effect.

Holders of UK Shares will not be entitled to receive dividends or notice of meetings or be able to vote or otherwise participate in the affairs of Global-US unless and until their UK Shares and the Form of Application to receive US Shares, properly and legibly completed, are received by the Exchange Agent or the Forwarding Agent named below and the US Shares are registered in the name of such holders. Accordingly holders of the UK Shares are strongly urged to write to one of the companies whose names and addresses are given below to obtain Forms of Application. Holders of UK Shares should complete a Form of Application and mail the Form or deliver it by hand together with their UK Shares to either the Exchange Agent or Forwarding Agent named below in accordance with the instructions contained on such Forms.

Forms of Application may be obtained from either of the following:—

## Exchange Agent:

Registrar and Transfer Company,  
Attn: Exchange Department,  
10 Commerce Drive,  
Cransford, New Jersey 07016  
U.S.A.

or from:—

Global Natural Resources Inc.,  
5300 Memorial Drive,  
Houston,  
Texas 77007  
U.S.A.

## Forwarding Agent:

Global Shareholder Services Ltd.,  
P.O. Box 350,  
Brighton,  
Sussex BN1 2NZ  
England

Hambros Bank Limited,  
Attn: Stock Counter,  
41 Bishopsgate,  
London EC2P 2AA  
England

Important: If your UK Shares are held through a West German bank, please first contact your bank to discover whether your UK Shares are held through an account with the Deutschen Auslandskassenverein (AKV). If your UK Shares are held through the Deutschen Auslandskassenverein, it will not be necessary for you to apply for a Form of Application.



**\*\***

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

Grains									
WHEAT	6000 lb minimum, dollars per bushel								
Dec	2.70	2.69	2.77	2.76	+0.01				
Jan	2.69	2.68	2.76	2.75	+0.01				
Mar	2.67	2.66	2.74	2.73	+0.01				
Apr	2.65	2.64	2.72	2.71	+0.01				
May	2.63	2.62	2.70	2.69	+0.01				
Jun	2.61	2.60	2.68	2.67	+0.01				
Est. Sales	2.59	2.58	2.66	2.65	+0.01				
Prev. Day's Open	2.59	2.58	2.66	2.65	+0.01				
SOYBEAN	6000 lb minimum, dollars per bushel								
Dec	3.00	2.99	3.07	3.06	+0.01				
Jan	2.99	2.98	3.06	3.05	+0.01				
Mar	2.97	2.96	3.04	3.03	+0.01				
Apr	2.95	2.94	3.02	3.01	+0.01				
May	2.93	2.92	3.00	2.99	+0.01				
Jun	2.91	2.90	2.98	2.97	+0.01				
Est. Sales	2.89	2.88	2.96	2.95	+0.01				
Prev. Day's Open	2.89	2.88	2.96	2.95	+0.01				
CORN	5600 lb minimum, dollars per bushel								
Dec	1.30	1.29	1.37	1.36	+0.01				
Jan	1.29	1.28	1.36	1.35	+0.01				
Mar	1.27	1.26	1.34	1.33	+0.01				
Apr	1.25	1.24	1.32	1.31	+0.01				
May	1.23	1.22	1.30	1.29	+0.01				
Jun	1.21	1.20	1.28	1.27	+0.01				
Est. Sales	1.19	1.18	1.26	1.25	+0.01				
Prev. Day's Open	1.19	1.18	1.26	1.25	+0.01				
BARLEY	5600 lb minimum, dollars per bushel								
Dec	1.10	1.09	1.17	1.16	+0.01				
Jan	1.09	1.08	1.16	1.15	+0.01				
Mar	1.07	1.06	1.14	1.13	+0.01				
Apr	1.05	1.04	1.12	1.11	+0.01				
May	1.03	1.02	1.10	1.09	+0.01				
Jun	1.01	1.00	1.08	1.07	+0.01				
Est. Sales	0.99	0.98	1.06	1.05	+0.01				
Prev. Day's Open	0.99	0.98	1.06	1.05	+0.01				
RYE	5600 lb minimum, dollars per bushel								
Dec	1.10	1.09	1.17	1.16	+0.01				
Jan	1.09	1.08	1.16	1.15	+0.01				
Mar	1.07	1.06	1.14	1.13	+0.01				
Apr	1.05	1.04	1.12	1.11	+0.01				
May	1.03	1.02	1.10	1.09	+0.01				
Jun	1.01	1.00	1.08	1.07	+0.01				
Est. Sales	0.99	0.98	1.06	1.05	+0.01				
Prev. Day's Open	0.99	0.98	1.06	1.05	+0.01				
WHEAT	6000 lb minimum, dollars per bushel								
Dec	2.70	2.69	2.77	2.76	+0.01				
Jan	2.69	2.68	2.76	2.75	+0.01				
Mar	2.67	2.66	2.74	2.73	+0.01				
Apr	2.65	2.64	2.72	2.71	+0.01				
May	2.63	2.62	2.70	2.69	+0.01				
Jun	2.61	2.60	2.68	2.67	+0.01				
Est. Sales	2.59	2.58	2.66	2.65	+0.01				
Prev. Day's Open	2.59	2.58	2.66	2.65	+0.01				
SOYBEAN	6000 lb minimum, dollars per bushel								

rev day's open lat 4.315, off :  
EE COMP. INDEX

[illegible]

**London Commodities Aug. 10**  
 Figures in sterling per metric ton.

[illegible]

Nov	1,667	1,683	1,677	1,678	1,674	1,675
Jun	1,655	1,643	1,649	1,650	1,644	1,645
Mar	1,622	1,611	1,619	1,620	1,617	1,619
May	1,600	1,590	1,598	1,600	1,596	1,598

[illegible]

Jan	272.00	271.75	272.00	272.25	268.50	269.25
Feb	N.T.	N.T.	268.00	270.00	263.00	269.00
Mar	264.50	265.00	265.50	268.50	263.50	267.00
Apr	N.T.	N.T.	269.00	270.00	265.00	267.00

[illegible]

Feb	N.T.	N.T.	429.50	430.00	430.00	434.00
510 lots of 100 tray oz.						

CEPANE 51-52	34	16.4	91.2	49.0	100	23.1	72.0	50.00	Chlorine Development	3-4-72	
CEPANE 53-54	34	16.4	91.2	49.0	100	23.1	72.0	50.00	Midwest Inc.	4-24-72	
CEPANE 55-56	34	16.4	91.2	49.0	100	23.1	72.0	50.00	Kleer-Vu Industries	3-10-72	
CEPANE 57-58	34	16.4	91.2	49.0	100	23.1	72.0	50.00	Lockheed Corp.	3-4-71	
CEPANE 59-60	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 61-62	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 63-64	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 65-66	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 67-68	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 69-70	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 71-72	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 73-74	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 75-76	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 77-78	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 79-80	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 81-82	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 83-84	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 85-86	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 87-88	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 89-90	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 91-92	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 93-94	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 95-96	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 97-98	34	16.4	91.2	49.0	100	23.1	72.0	50.00			
CEPANE 99-100	34	16.4	91.2	49.0	100	23.1	72.0	50.00			

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Copper cathodes:				
spot	1,054.00	1,054.00	1,061.50	1,062.00
3 months	1,081.50	1,083.00	1,088.00	1,089.50
Tin: west	8,481.00	8,475.00	8,585.00	8,405.00


[illegible]

3 months	1,072.50	1,073.00	1,075.00	1,075.50
Nickel: spot	1,203.00	1,209.00	1,200.00	1,210.00
3 months	1,285.00	1,290.00	1,276.00	1,280.00

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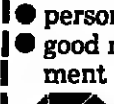
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## SWITZERLAND POSTCARD

## Bringing Back the Stork

By Jasper Becker

The Associated Press

ALTRU, Switzerland — Max Bloesch, a short, wiry retired schoolmaster steps out of his wooden cabin into a colony of storks and sets off a racket like an orchestra of demented castanet players.

A huge black-and-white stork lands on its massive rooftop nest, folds its wings, flaps back its head in a 180-degree arc and joins the rest of the colony in asserting territorial rights by clapping its bill together.

This village may be the only place in Western Europe where such a mighty sound still can be heard. And it may be thanks to Bloesch's efforts that any storks are left in Europe at all.

Bloesch, now 75, began his campaign for the survival of the ungainly creatures, with their long, pink spindly legs and seven-foot wingspans, in his days in teacher training. In 1949 he surveyed the whole of Switzerland and was horrified to discover that there was only one nest left.

By 1970 the stork was on the point of vanishing from Sweden, France, Germany, Austria, Denmark and the Netherlands, each having fewer than a dozen nests. In less than 30 years, the Dutch population had dwindled from 400 nests.

In Europe the storks were wiped out by the effects of encroaching industrialization, the drainage of wetlands and the general pollution of the bird's natural home close to man, he says. They sometimes fly into electric wires and perish.

Traditionally, the stork's impressive oosts of straw and twigs, built on old cartwheels, were to be found on village church steeples and many a barn roof.

"People used to take a great pride in their storks because the stork was believed to bring good luck," he said. "Nowadays most children have never seen one, and would look blank if you told them that's how babies arrive."

Bloesch started his nursery by making four expeditions to Morocco and collecting 300 storks, which he shipped home by air. News of Bloesch's efforts spread, and he learned his nursery in Altru was the only source of storks with which to repopulate Europe.

Now there are 150 in Altru and

he says he has managed to encourage the storks to stay in Switzerland the year round.

He is still contributing to and guiding stork nurseries in Sweden, the Netherlands, West Germany, and Alsace and Lorraine in eastern France, as well as the 22 support stations he has established in Switzerland.

The stork's future is still far from certain in Europe but now Bloesch fears the real threat to the storks lies in Africa and the Middle East.

Each fall the stork migrates thousands of miles to the south of the Sahara and the Nile Valley, even as far as South Africa, crossing either the Strait of Gibraltar or the Bosphorus.

In March they return to Europe. Normally the same pair breeds in the same nest year after year, and by August adults and young are preparing to fly south again.

"On their way south they risk being shot in France and Spain, and in Africa they are endangered by the pesticides and chemicals we have here but export there," he said.

Dr. Thomas E. Lovejoy, vice president for science of the World Wildlife Fund in Washington, estimates the world stork population at 2,000 to 3,000.

Bloesch doubts whether the Swiss stork population of around 400 is now strong enough to survive without his help.

This year's cold wet spring killed off nearly all the chicks, he said.

"In Denmark ornithologists have decided that if the storks can't survive in the wild then there is no point helping them," said Bloesch. "But I know it is worth helping them when I see how much people enjoy seeing them," he said.

Evidence for this appreciation is the stream of visitors who finance his work by making donations, buying posters and postcards.

The nursery is also regularly visited by parties of schoolchildren who can adopt and christen their own stork chick, turning the tables on the old folk tale about the origin of babies.

And those who don't take folk stories seriously might ponder the findings of a Danish statistician who worked out that the decline in his country's postwar birth rates runs parallel to the gradual disappearance of Denmark's storks.

## Finland's Feisty First Lady

By Mimi Mann

International Herald Tribune

NAANTALI, Finland — Finland's soft-spoken but strong-willed first lady has spent 18 months sifting the official from the private, determined to play herself in the role of president's wife.

On a rainy morning in the Summer Palace overlooking a quiet finger of the Baltic, Tellervo Koivisto, 54, who favors Finnish designs and wide-brimmed hats, spoke about her life in the spotlight, her earlier days as a traditional wife and mother and her views on women and family life in the Finland of tomorrow.

She also discussed her role in the Koivistos' state visit to the United States in the fall, their first outside the Nordic countries and the Soviet Union. A visit to France is also on the agenda for later in the fall.

"The possibility of becoming first lady had seemed probable for some time, but I put off the thought because it didn't seem attractive to me," Mrs. Koivisto said. "It seemed scary."

"Now I very often find myself in conflict with the good ideas and the difficult side of being a president's wife. I can say this has been better than I could have anticipated. You can never tell if you would have been happier doing something else."

Mrs. Koivisto's drive to maintain as much personal freedom as possible created a minor storm in Finland when she refused a personal security guard after her husband succeeded the patriarchal Urho Kekkonen, president for 25 years.

"When my husband became president, an entirely new system of security had to be devised for us as a family, because President Kekkonen had been a widower for some time," she said. "I absolutely refused to have security, and the advisers said this would be impossible."

"The argument that finally worked was that there was a conflict between my physical and my mental health. I said my mental health is more important and that I didn't want security because it would be too much of a strain."

Protection is provided when Mrs. Koivisto accompanies her



Tellervo Koivisto: "I can express my own views."

husband, but it dwindles when he is away from the official residence. As often as possible the Koivistos spend weekends at their private summer home west of Helsinki. The Koivistos have one daughter, Aina, 26, who was married last summer.

President Koivisto began as an elementary school teacher and counselor after spending three years on the docks of his hometown of Turku to pay for his education.

Mrs. Koivisto stood at his side as he became, first, a director of a savings bank in Helsinki, then governor of the Bank of Finland, and prime minister.

On Jan. 26, 1982, she watched as her husband was sworn in as president. By that time, however, Mrs. Koivisto had become well known in her own right. She served in Parliament from 1972 to '75 and on the Helsinki City Council 1977-82. While on the council, she wrote a popular column for a Helsinki newspaper.

"When Tellervo Koivisto was in Parliament, she didn't say very much, but when she got up to

speech everyone listened," said a Helsinki journalist. "This is because everyone knows that she doesn't waste her breath. When Mrs. Koivisto speaks, she really has something to say, and many Finns believe that she is the shrewder of the two when it comes to political instincts."

Finland's first lady continues to speak out on causes she has supported in the past. During her first year she worked with families of mentally retarded children and children with cancer. She organizes her own programs.

"Knowing my own abilities, my type would not choose the active path, although I see great value for both active functions and social functions. If I want to participate in an issue, I don't think my husband would be the first person I'd discuss the project with. I'd originally talk with people involved with the issue," she said.

"My husband always reminds me that when I decided to run for Parliament I didn't ask him, and when I decided to step down I didn't consult him. I don't have

the feeling I have to have his acceptance when I feel strongly about an issue."

Although more Finnish women work outside their homes than in any other Western country, Mrs. Koivisto feels there remains room for improving the position of women in her country.

"In comparison to other countries we are ahead in women's rights, but one must go on to other issues now. Even if you have the same pay you may have different working conditions."

She fully supports the added role of women in the work force.

"I personally came out for the six-hour work day for everybody, which seemed to me important for young families. I think it is ideal, but this concept didn't find support with the male decision-makers. They voted for a shortened work week instead."

"Despite the changes and problems, I am not worried about the future of the Finnish family. After the 1960s and '70s we have moved toward a greater focus on the family, but there will be no return to what we had in the old days."

Mrs. Koivisto said one thing that she wants to do on her annual visit to the United States is to look into the status of women there.

"I know it is going to sound odd because women in Finland are in the forefront of women's movement, but I found Betty Friedan's first book, 'The Feminine Mystique,' important and interesting," she said.

"The trip to the United States will be longer" than their other trips. "We will be traveling around. We will experience different kinds of interests, so this state visit differs from others."

She sees her role in the upcoming trip as extremely challenging. On the basis of short experience as first lady, I wonder how much about Finland and its position is actually known. Our position is not particularly popular. I think it is normal," she said.

"I think that the West may think we are in a delicate position because we are the Bear's neighbor. One reason to go to the United States will be a chance to change that idea, or at least to define it within limits."

## PEOPLE

## Birth on an Airliner

An Australian nurse who gave birth aboard an airliner after refusing radiation for cancer lest it cause an abortion, was "reasonably comfortable" Wednesday, a hospital spokesman said. Sheryl Skirton, 35, gave birth to a 2.65-pound (12.2 kilograms) boy 10 weeks prematurely, moments after a British Airways 747 jetliner landed in Melbourne after a 27-hour flight from Britain. Mrs. Skirton refused the radiotherapy, which might have prolonged her life, because she would have had to abort the baby. Mrs. Skirton had been working as a nurse in Bristol, England, when the cancer was discovered during a routine pregnancy check a few months ago. Her English husband, Chris, said doctors had given his wife three to six months to live. They decided to come to Australia with their 3-year-old son, Vincent, so that Sheryl could end her days with her parents in Melbourne and give birth in her native land.

The actress Elizabeth Taylor has become engaged to be married for the eighth time. Taylor, who was last married to Senator John Warner accepted a 1.6-carat diamond ring from the lawyer Victor Gonzales Luna and announced their engagement to friends at a party at the Cafe Royal in Philadelphia. The New York Post said the party was attended by Richard Burton, who was married to Taylor twice and who stars with her in Noel Coward's play, "Private Lives," which is playing in Philadelphia. Burton married Sally Hay last month in Las Vegas. The Post said Taylor told friends at the party the wedding would take place at the end of the year.

Yoko Ono, widow of the slain former Beatle John Lennon, is suing Swank magazine for \$6 million and has asked a judge to block publication of nude photographs of the couple. Ono was joined in the suit by the photographer, Allen Tannenbaum, who said in an affidavit that the photographs were "unique and valuable" and his reputation would be "irreparably damaged" by their publication in the "tawdry magazine Swank." The photographs of Ono and Lennon in nude or semi-nude "intimate husband and wife postures" were originally to have been used to promote the couple's "Double Fantasy" album. But, according to

an affidavit filed by Ono, the photographs were never used as intended because Lennon was assassinated by Mark David Chapman before the album was released. Ono alleges that the pictures were stolen from her apartment in The Dakota on Central Park West, but Swank editor Richard BaracloUGH said recently the man who offered him the photographs said he found them in a trash can. Justice Stanley Parkes granted Ono and Tannenbaum an order requiring representatives of Swank to show cause why a permanent injunction against publication of the photographs should not be issued.

A 23-year-old American high school teacher from Guam has arrived in the northern Japanese city of Wakkanai after completing a solo 1,660-mile, trans-Japan run. Fred R. Schumann set out from Kagoshima on the southern tip of Japan's southernmost main island of Kyushu on June 11. He ran across Kyushu and the Honshu main island, averaging 25 to 30 miles a day, despite being hospitalized for a few days due to a bad cold. Schumann, who studied at Sophia University in Tokyo, is scheduled to stop in Tokyo over the weekend before leaving for home. Schumann is the first foreigner to accomplish the feat. Koichi Shima, an elderly resident of Hokkaido, made the run in three months several years ago. . . . Patrick Warren returned home after walking 3,000 miles across the United States to prove epileptics are as capable as people without the affliction. Warren, 36, of Philadelphia walked 100 days in heat as high as 95 degrees, battling rattlesnakes, sunburn and blisters along the way. He wore out five pairs of shoes and lost about 15 pounds while walking "to prove the capability of people with epilepsy. Response to my walk has been 100 percent positive." His coast-to-coast "epilepsy awareness" trek began May 2 in Los Angeles. The journey took him through 65 cities, including Washington, where he met and received a gold tie clip from President Ronald Reagan.

Britain's Prince Charles, hot and tired after a polo match, shouted at photographers to leave Princess Diana alone, in a rare outburst reported by two London newspapers Wednesday.

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